Austria	Sch. 15	Indonesia	Rp. 1600	Philippines	Pes 20
Bahrain	Din. 0.650	Italy	L 1100	Portugal	Esc 65
Belgium	BFr 35	Japan	Y550	S. Arabia	Rls 6.00
Canada	C$2.50	Jordan	Fils 560	Singapore	S$ 4.10
Denmark	DKr 7.00	Kuwait	Fils 500	Spain	Pta 95
Egypt	E£1.00	Lebanon	£L 6.00	Sweden	SKr 6.50
Finland	Fmk 5.00	Luxembourg	LFr 35	Switzerland	SwFr 2
France	FFr 5.00	Malaysia	Rm 4.25	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 130
Greece	Dr 55	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
India	Rup 15	Norway	NKr 6.00	U.S.A.	$1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 28,970 — Tuesday January 11 1983 — D 8523 B

Nuclear power: crucial test for Britain, Page 12

NEWS SUMMARY

GENERAL

Lebanon sends in security forces

Lebanon's internal security forces went into the battle-scarred slums of the port of Tripoli as a ceasefire appeared to be taking hold after a month of factional clashes.

Israeli, Lebanese, and U.S. negotiators concluded a fifth round of talks on opening serious negotiations about the withdrawal of foreign troops from Lebanon, amid signs that differences could be solved. Page 4

Italy is considering sending another battalion to join the peace force.

In Amman, Palestinian leader Yasser Arafat said last night that his talks with King Hussein of Jordan were successful and positive.

Iraq initiative

Iraq has launched a new diplomatic initiative to help offset the threat of further large-scale Iranian attacks across the border. Page 4 Tehran said that Iran had killed or wounded more than 100 Iraqis in a guerrilla operation in the northern sector.

France–Spain talks

Eight French and Spanish Ministers opened two day of talks at a chateau outside Paris to try to improve relations between the countries which have suffered over Spain's application for EEC membership and France's attitude to Basque terrorism. Page 14

Pacemaker fraud

A Cologne court gave a businessman, three doctors, and a cardiograph technician suspended prison sentences and fines for breaches of trust in re-using 47 heart pacemakers taken from dead patients. The businessman, manager of a pacemaker company, was fined DM 85,000 ($34,000) and faces 18 months' jail if he does not pay.

Thatcher's salvo

British Premier Margaret Thatcher fired a 105mm gun when she visited an artillery base near Fitzroy on the third day of her Falklands visit.

Terrorist monkey

A large black monkey was captured in Manmad, east of Bombay, after a week in which it wounded 15 people, including a policeman who had an ear bitten off. Its attacks were retaliation after its mate was hit by a motor cycle.

Drug claim

Sri Lanka customs officials said Robert Pringle, a Briton, admitted swallowing 114 condoms each containing four grams of hashish before trying to board a Paris flight. He could not pay a 60,000-rupee ($3,000) fine, and was remanded in jail until January 21.

Stay home, Yankees

A New York judge ordered New York Yankees not to start the 1983 baseball season by playing some home games at Denver, Colorado, because it would violate a contract between the city and club and represent "a diminution of the quality of life here."

Briefly . . .

Car workers shut Naples main station for more than an hour in protest against Government economies. Page 2

Taiwan arrested a Japanese woman on charges of being a Chinese agent.

Six inmates and a hostage were killed when 200 Brazilian police stormed a Sao Paulo mental hospital to quell a rebellion.

Six anti-nuclear campaigners chained themselves to the gates of a Cherbourg maritime office, protesting against the seizure of a Greenpeace ship.

BUSINESS

Wall St stocks hit new peak

● STOCK prices soared in late trading on Wall Street. The Dow Jones Industrial Average reached a new high for the third successive day – gaining 16.28 points to 1,092.35 – as the market continued to reflect investors' hopes of lower interest rates and a healthier U.S. economy. Page 24

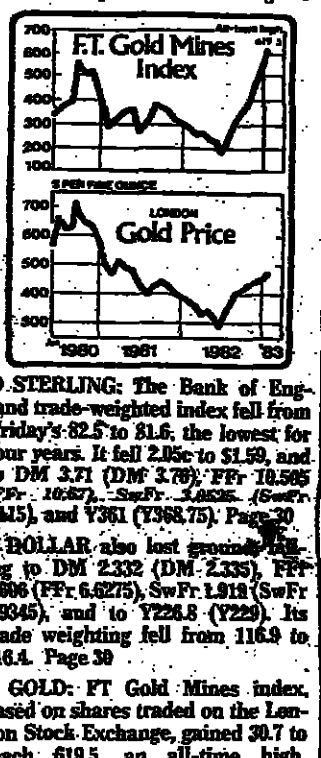
● LONDON: FT Industrial Ordinary index fell 7.3 to 613.7. Falls in Government Securities averaged about a third of one per cent. Page 25

● TOKYO: Nikkei Dow index dropped 37.36 points to 8,172.66, and the Stock Exchange index lost 2.52 at 599.65. Page 24

● HONG KONG: Hang Seng index gained 46.29 to reach 845.15. Page 24

● AUSTRALIAN all-shares index rose 10.6 to 526.2. Page 24

● FRANKFURT: Commerzbank index fell 3 points to 766.1. Page 24



● STERLING: The Bank of England trade-weighted index fell from Friday's 82.5 to 81.6, the lowest for four years. It fell 2.05c to $1.59, and to DM 3.71 (DM 3.76), FFr 10.565 (FFr 10.67), SwFr 3.0525 (SwFr 3.115), and Y361 (Y368.75). Page 30

● DOLLAR also lost ground, falling to DM 2.332 (DM 2.335), FFr 6.606 (FFr 6.6275), SwFr 1.918 (SwFr 1.9345), and to Y226.8 (Y229). Its trade weighting fell from 116.9 to 116.4. Page 30

● GOLD: FT Gold Mines index, based on shares traded on the London Stock Exchange, gained 30.7 to reach 619.5, an all-time high. Page 25. In London the metal rose $9 to $474.5, in Frankfurt by $8.25 to $473.75, and in Zurich by $8 to $474.5. Page 19

● ARMCO, the fifth-largest U.S. steelmaker, is to stop making some high-cost carbon steel in plants in Missouri, Ohio and Texas and cut staff by a further 2,200. Page 14

● GREEK officials are due in Brussels tomorrow for talks seeking EEC approval of proposals for import restrictions. Page 3

● ITALIAN Government has appointed Vincenzo Milazzo, Auditor General for nine years, as chairman of Consob, the country's stock-exchange watchdog. Page 15

● NEW ZEALAND has negotiated a 16 per cent cut with the NZ eastern shipping conference on freight rates for meat, butter and cheese exports to Japan. Page 5

● EUROPEAN Options Exchange in Amsterdam conducted a record 1.5m transactions in 1982, 45 per cent up on 1981. Page 18

COMPANIES

● DE BEERS' Central Selling Organisation reported sales of diamonds in second-half 1982 were $632.7m bringing the year's total to $1.26bn ($1.47bn in 1981), and indicating a slightly improving trend. Page 14

● BL (British Leyland) sold 105,000 vehicles in Continental Europe in 1982, 25 per cent up on 1981, nearly half of them Metros. Page 6

● FEDERAL LEASING, the U.S. computer company, which launched a $550m court claim against Lloyd's of London underwriters, has agreed an out-of-court settlement, terms of which are not to be announced until January 31. Page 6

Sterling drops sharply to four-year low

BY JEREMY STONE IN LONDON

STERLING fell sharply yesterday against other major currencies, in thin trading on foreign exchange markets.

In London, sterling's effective exchange rate (measured by the Bank of England against a trade-weighted basket of currencies) fell 0.9 to 81.6, a four-year low. This is more than 3 per cent below the level at which the pound began 1983.

Although the dollar was itself weak against the stronger currencies – especially the Swiss franc – the pound fell 2.85 cents against the dollar, to close at $1.59. Against the D-Mark, sterling fell from DM 3.76 to DM 3.71, while it also dropped markedly against the yen, from Y368.75 to Y361.

In New York, heavy selling of sterling pushed the price steadily lower throughout the day and it closed around $1.5790. Dealers contrasted the active trading in sterling with quiet markets in all other major currencies. The dollar closed generally unchanged against them compared with its closing levels in Europe.

STERLING'S VALUE	Trade-weighted	Against $	Against D-Mark	PERCENTAGE CHANGE	Trade-weighted	Against $	Against D-Mark
Jan 4 1982	91.3	1.9265	4.32	Nov 12 to Nov 26 1982	− 5.3	− 3.7	− 6.7
Nov 12 1982	91.3	1.6535	4.26½	Nov 26 to Dec 31 1982	− 2.4	+ 1.5	− 3.9
Nov 26 1982	86.4	1.5930	4.0	Dec 31 1982 to Jan 10 1983	− 3.2	− 1.7	− 3.5
Dec 31 1982	84.3	1.6175	3.84½	Jan 4 1982 to Jan 10 1983	− 10.6	− 17.5	− 14.1
Jan 10 1983	81.6	1.580	3.71				

Dealers said that sterling had been marked down steeply in London yesterday morning after overnight selling in the Far East, repeating a pattern which had been seen last week.

During the morning much of the lost ground was regained. When sterling reached $1.60, however, that seems to have provoked selling from traders on the International Monetary Market in Chicago which – coupled with some selling by banks – sent the market back into reverse.

Some market men believe that the reluctance of banks, and corporate treasuries, to hold sterling since the slide began in mid-November may shortly begin to exert an upward pressure on the exchange rate. "A lot of people are now short of sterling and may soon need to close their positions by purchasing pounds," said one dealer yesterday.

There were further reports of "smoothing" activity by the Bank of England, although dealers did not believe that the central bank was operating on a large scale.

The bank also continued its policy of attempting to maintain an interest rate of 10 per cent in the money market. Although interbank rates shifted marginally higher (with the one-week rate touching 10¼ per cent) there was no immediate pressure on the clearing banks to raise their base lending rates, as they did at the end of November, bringing a temporary halt to the decline in sterling.

Lex, Page 14; currencies, Page 30

Reagan considers 1984 tax rise to cut deficits

By Anatole Kaletsky in Washington

PRESIDENT Ronald Reagan is modifying his opposition to cuts in defence spending and higher taxes, bowing to nearly unanimous advice from his ministers and congressional allies, as he puts the finishing touches to his 1984 budget, due to be sent to the printers this week.

Although he is still refusing to raise taxes or rescind the 10 per cent tax cut scheduled for July this year, the President is seriously considering a "contingency" tax increase, which would take effect during 1984 if the economy fails to revive rapidly enough to reduce the $200bn to $300bn deficits projected for fiscal 1985 and future years.

Senator Paul Laxalt, the President's closest personal friend in Congress and the new chairman of the Republican National Committee, said at the weekend that Mr Reagan had adopted "a wholly different perspective" on fiscal policy during the course of last week.

Mr Laxalt firmly predicted that there would be some cuts in defence spending and contingent tax increases in the 1984 budget. Only last week Mr Laxalt had said that the President was "set in concrete" on these issues.

Mr Donald Regan, the Treasury Secretary, has prepared a set of tax reforms which could be used to reduce the future budget deficits, without conflicting with the President's rhetorical opposition to explicit increases in income tax.

The main options are to curtail the tax deductibility of interest payments and of state and local income taxes. There is also pressure to increase energy taxes, after the administration's success in presenting a new 5 cents a gallon petrol tax as a "user fee" designed to finance highway maintenance and construction.

White House aides also maintain that Mr Reagan is privately conceding that the inflation-adjustment of tax brackets, due to come into effect from 1985 onwards, will probably be cancelled by Congress.

The abolition of inflation adjustment would provide large amounts of additional revenue in the latter part of the 1980s, particularly if the downward trend in inflation were reversed.

The tendency of inflation to push wage earners into higher tax brackets and thus to increase government revenues is seen in Wall Street as one of the major built-in fiscal defences against an uncontrollable spiral of rising prices and exploding budget deficits.

The abandonment of inflation-

Continued on Page 14

World Bank set to boost private role in development loans

BY ANATOLE KALETSKY IN WASHINGTON

New financial arrangements designed to increase bank lending to developing countries and to encourage private participation in World Bank development loans are likely to be approved today by the World Bank's executive board.

If approved, the proposed financial instruments, which are strongly backed by the World Bank's president, Mr A. W. Clausen, and by the U.S. Government, will enable the World Bank to participate directly for the first time in syndicated loans along with commercial banks.

The private banking partners will benefit from some protection against defaults because of the World Bank's participation in the loans syndicates, although they will not enjoy explicit World Bank guarantees for their portions of the lending.

The proposal is to finance development projects by means of two loans – an 'A' loan provided entirely by the World Bank from its own resources, and a 'B' loan managed and provided mainly by commercial banks, but with a limited World Bank participation in the loan syndicate.

The World Bank's share in the total financing would be about 25 per cent initially. But, eventually, the World Bank's share could be reduced to around 10 per cent if the concept gains acceptance in the banking community. The Bank would use this leverage to increase the effective resources available for financing development projects.

The board is being asked to approve proposals that the Bank should devote up to $500m to around 20 trial projects in developing countries over the next two years. The trials would be of three types of 'B' loan:

● When the bank guarantees later maturities up to 25 per cent of the loan;

● When it accepts obligations arising out of specified problems with the loan;

● When it takes a direct financial stake in later maturities of the loan.

Even without the new financial instrument, co-operation between the World Bank and private lenders has grown rapidly over the past five years. In the year to July 1982, private banks committed $3.3bn to World Bank projects. But under existing "co-financing" arrangements, the loans from the World Bank and the private sector are negotiated separately by the borrowing country and the private loan enjoys none of the advantages of World Bank involvement. There are no cross-default clauses between the World Bank and the private lenders.

The Bank's staff believe that the new arrangement will provide the private banks with more security, improve their perception of the quality of the co-financing loans, and reduce their "risk perception" in lending to developing countries.

World Bank participation on loan syndicates would also lengthen the maturities of commercial bank loans to developing countries, because the Bank would concentrate on financing the later maturities, of between 13 and 15 years, for example.

The Bank will not provide explicit overall guarantees for its co-financing partners, and will not agree to legally binding cross-default clauses.

The bank has always considered that these would deprive it of too much flexibility and could in certain circumstances be inconsistent with the Bank's central objectives as a development institution. However, Mr Clausen has repeatedly made clear that the Bank would regard a default against one of its co-financing partners as "a very serious matter," which would affect a developing country's access to future Bank finance.

Swiss lead bid to raise $1bn for Yugoslavia

BY STEWART FLEMING IN BASLE

SWITZERLAND is co-ordinating efforts by Western governments to put together a $1bn loan package to help Yugoslavia cope with its debt problems.

Yugoslavia owes Western banks and governments about $18bn and some borrowing agencies, particularly Privredna Banka of Zagreb, have recently been falling badly behind with debt service payments.

Switzerland's leading role emerged here yesterday at a meeting of the Bank for International Settlements (BIS). Officials of leading creditor governments discussed the issue at talks in Berne. A delegation of Yugoslav officials, including Mr Radovan Makic, the head of the Central Bank, were in Basle yesterday attending the monthly meeting of the BIS.

Yugoslavia asked last October for a $500m three-year credit from the BIS, but member central banks were reluctant to grant a medium-term loan and urged Yugoslavia to turn to governments for assistance.

Now, however, the possibility of a short-term BIS loan has been revived to bridge the gap till a longer term government package is agreed.

A problem with this would be the collateral available to the BIS as security on its loan. Some central bankers yesterday said that they would like to ensure any deal against Yugoslavia's gold holdings. Estimated by the International Monetary Fund at 1.88m ounces, these would be worth about $800m at current prices. Yugoslavia, however, is said to be resisting use of gold as a collateral.

The government discussions are expected to resume in Berne next week. Besides Switzerland, leading governments involved are France, West Germany, the UK and the U.S. which first broached the idea of a rescue package in November.

Yugoslavia's ability to raise loans from commercial banks has been seriously impaired by lack of international co-ordination and the Polish and Romanian debt crisis.

A recent $200m credit to five commercial Yugoslavian banks had to be topped up with a $15m contribution from one of the banks concerned, Jugobanka, which lent the money through its New York branch.

David Buchan adds from London: Mr Lawrence Eagleburger, the U.S. Secretary of State for Political Affairs, is due in Belgrade today for discussions which are expected to centre on financial issues.

Mr Eagleburger, a former ambassador to Belgrade, has been instrumental in promoting the rescue package idea. Government contributions would be of various kinds. The U.S., for instance, is considering increasing the amount of credit guarantees for Yugoslav purchases of U.S. feedgrains.

Yugoslav squeeze, Page 16

KWU hit by Brazil N-programme cuts

BY JOHN ARNEN IN RIO DE JANEIRO AND JAMES BUCHAN IN BONN

BRAZIL is halting work on a major part of the $8bn nuclear energy programme it had contracted with the West German company Kraftwerk Union (KWU). Sr Carlos Atila, the senior government spokesman, confirmed Brazilian press reports that Brasilia was suspending indefinitely work on two nuclear power stations, Iguapé 1 and 2, sited in the industrial state of São Paulo.

The two Iguapé projects were initially part of an eight station order for KWU, said to be the largest export order ever undertaken when it was signed in 1975.

The first two stations in the package were Angra 2 and 3, both located at a site on the coast south of Rio de Janeiro. The Iguapé plants were initially options that were later converted to firm orders. The other four options were never taken up.

Sr Atila said only work on the Angra 2 and 3 projects would continue. He attributed the decision to halt work on the others to the climate of austerity and Brazil's efforts to reduce its deficits. He denied that the decision had been taken after pressure from the International Monetary Fund

Work by Kraftwerk Union was expected to start at Iguapé later this year after completion of the preparation of the site.

The German company, a Siemens subsidiary, commented that the decision "has not brought into question the German contribution" to the surviving programme.

The Brazilian nuclear programme had survived so far despite its very high cost and many delays and disappointments. The first nuclear power station, engineered by the U.S. Westinghouse company and called Angra 1 is producing electricity, albeit not at full capacity.

Financial stringency and a slowing of growth in the demand for electricity have brought new problems for the nuclear programme.

Demand for power in Brazil is so low that work has been slowed on the completion of the giant Itaipú hydroelectric scheme on the Parana River.

The decision to cut back on the nuclear deal with West Germany was taken against the wishes of many senior officers, who have been keen for Brazil to develop its nuclear potential as rapidly as possible.

Sweden to cut living standards

By William Dullforce in Stockholm

THE NEW Swedish Government steered a middle course between expansionary and deflationary policies in its first budget presented yesterday.

Mr Olof Palme's Social Democrat Government, which took office last October, defined the strategy as a "third way." It hopes to maintain employment while increasing industrial output and reducing the foreign payments deficit.

Mr Kjell-Olof Feldt, the Finance Minister, in the finance plan which accompanied the budget, said that the "third way" would be a mixture of expansionary and belt-tightening measures with priority given to employment.

In the short term, Swedes will suffer a considerable fall in real incomes and living standards. Moderate wage demands in 1983 will, the Government hopes, contain the inflationary pressures released by the 18 per cent devaluation of the krona last October. Prices are forecast to rise by 11.5 per cent this year and hourly wages by only 7 per cent.

Details, Page 3

CONTENTS

German output falls 1.2% in 1982

By Jonathan Carr in Bonn

WEST Germany's Gross National Product (GNP) fell last year by 1.2 per cent in real terms after dropping by 0.2 per cent in 1981, according to preliminary official figures released yesterday.

This is the first time in West Germany's history that real GNP has fallen two years in succession, and the new figures give little evidence that an upswing is in the offing.

Fixed asset investment, which dropped in real terms in 1981 by 3.8 per cent, fell again last year by an average 6.2 per cent and shows little sign of picking up.

Private consumption was down last year by a real 2.2 per cent (after a cut of 1.2 per cent in 1981) and the public sector, fighting to control its budget deficits, did little to take up the slack.

It is against this dismal background – and with unemployment totalling more than 2.2m – that Count Otto Lambsdorff, the Economics Minister, will meet senior industrialists in Bonn on January 19.

It was announced yesterday that the meeting would be held to help prepare for the Economic report for 1983.

Bonn is committed by law to make projections for the coming year on economic growth, unemployment and price increases – but this time its task is harder than ever.

Last year the centre-left government said it expected about 1.5 per cent real GNP growth in 1982, and was widely criticised for excessive optimism.

Now a new government of the centre-right is facing a general election on March 6 and will not want to put too gloomy a face on things.

Danes try to avert fish deadlock

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government is attempting to prevent a stalemate at the EEC fisheries ministers meeting on January 25 in Strasbourg between the Danes and the other nine governments over the common fisheries policy.

The policy, which was due to come into force on January 1, was prevented by Denmark's refusal to accept the terms being offered by the other nine members.

Mr Uffe Ellemann-Jensen, Denmark's foreign minister, will meet Herr Hans Dietrich Genscher the West German foreign minister, in Brussels today to continue last week's "clarification" talks. The Danes are saying little about what they will be telling Herr Genscher. "The purpose is to find a way ahead on January 25," was all officials would say.

If progress is to be made, the fishing policy package on which the nine agreed must remain untouched in the eyes of the British Government, but the Danish Social Democratic opposition Party must be given the impression that substantive improvements have been made. Without the support of the Social Democrats, the minority Danish Government cannot accept a settlement.

Mr Karl Hjortnaes, the Social Democratic fisheries spokesman, has already hinted at the kind of concessions the party wants. It would help if the 17,000 tonne whiting quota offered to Denmark was changed for a more useful fish, such as cod – Danish vessels are only equipped to catch around 3,000 tonnes.

The Party would also like firmer guarantees that Denmark will be allowed to catch mackerel in the Norwegian sector, and also to sell, for human consumption, the white fish caught by trawlers fishing for industrial fish.

The Danish Government has been criticised by the Greenlanders for abandoning the principle of a 12-mile fisheries limit around Greenland and for not preventing West German trawlers from fishing for the 5,000 tonne cod quota allocated to Germany by the EEC.

Mr Lars Emil Johansen, Industry Minister in Greenland's home-rule government, said at the weekend that West Germany's cod fishing is so damaging to Greenland's interests that Greenland may have to consider withdrawing immediately from the EEC, even if this means that Greenland will obtain no special trading arrangements with the EEC.

After a referendum last year calling for withdrawal from the EEC, Greenland is hoping to leave the Community by January 1, 1984, but it wants special trade terms, including tariff-free entry for its fisheries products.

Urenco's uranium talks with Taiwan are 'only exploratory'

BY WALTER ELLIS IN AMSTERDAM

MORE THAN A week after an outbreak of controversy in the Netherlands about the possible supply of enriched uranium to Taiwan, it has become clear that any deal which does emerge will not take effect until at least 1990 and will cover services only.

Confusion had surrounded an initial report that Taiwan was seeking to buy enriched uranium from Urenco, the Anglo-Dutch-West German consortium. Now Urenco's Dutch arm in Almelo has said that it is conducting exploratory talks only with a view to providing possible services in the 1990's.

The Dutch cabinet, led by Mr Ruud Lubbers, is to discuss the issue this week amid concern about the possible spread of nuclear weapons. It is expected to send a letter to members of parliament clarifying the situation and setting out the powers of MPs in the context of the original Urenco treaty.

Because Taiwan is not a signatory to the United Nations Nuclear Non-proliferation Treaty, Urenco needs government, and possibly parliamentary, approval for the sale of uranium to Taipei.

The placing of an order by Taiwan for two Dutch-built submarines in 1981 caused considerable political upheaval at the time and even led to a scaling-down of diplomatic relations between the Hague and Peking. Partly as a result of this, Mr Dries van Agt, the former Dutch Premier, gave an assurance last spring that the Netherlands would not export nuclear-sensitive material to Taiwan.

Last Wednesday, the Dutch foreign ministry said that the governments of the Netherlands, West Germany and Britain were indeed considering an approach from the authorities in Taipei. Taiwan, it was said, wanted the uranium as fuel for its three nuclear power stations. The ministry did not reveal how much was involved, but a report in NCR Handelsblad, the authoritative Dutch newspaper, referred to a total of 4,000 tonnes.

Later that day, however, the word from Taiwan was that the state-run Taiwan Power Company (TPC) had placed no such order for the simple reason that it already had sufficient supplies of uranium to last it through the 1980's. A TPC official was quoted as saying that Taiwan had made no request to Urenco but that interest shown by an unnamed West German company in the sale to Taiwan of a fourth nuclear power plant may have prompted Urenco to approach its three responsible governments.

Urenco subsequently confirmed this view, but added that the consortium had opened talks with Taiwan because, after contact between its marketing staff and the TPC, there appeared to be a mutual interest in uranium enrichment.

Italians in another tax plan protest

MILAN – Millions of Italian workers walked off their jobs for two hours yesterday and in mass rallies denounced the latest package of taxes imposed by the Government.

Groups of strikers, ignoring appeals by union leaders, staged protest marches in some cities, blocking trains and road traffic. The development came three days after workers had staged the most violent and widespread anti-Government demonstrations in years.

While most workers stayed inside their factories to debate the much-criticised fiscal and economic policy of the one-month-old coalition led by Christian Democrat Premier Amintore Fanfani, dozens of strikers sat on railway tracks and stopped trains in Naples - AP

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Gold Fields Group

DECEMBER QUARTERLIES

All companies mentioned are incorporated in the Republic of South Africa

DRIEFONTEIN CONSOLIDATED LIMITED

ISSUED CAPITAL: 102,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1982	Qtr ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold – East Driefontein:			
Ore milled (t)	705,000	705,000	1,410,000
Gold produced (kg)	8,483.5	8,563.7	17,047.2
Yield (g/t)	12.0	12.1	12.1
Price received (R/kg)	15,532	14,121	14,823
Revenue (R/t milled)	187.30	171.92	179.61
Cost (R/t milled)	47.79	47.73	47.76
Profit (R/t milled)	139.51	124.19	131.85
Revenue (R000)	132,049	121,207	253,256
Cost (R000)	33,695	33,655	67,350
Profit (R000)	98,354	87,552	185,906
Gold – West Driefontein:			
Ore milled (t)	720,000	720,000	1,440,000
Gold produced (kg)	10,392.0	10,584.0	20,976.0
Yield (g/t)	14.4	14.7	14.6
Price received (R/kg)	15,652	14,267	14,953
Revenue (R/t milled)	226.33	210.12	218.22
Cost (R/t milled)	54.74	52.26	53.50
Profit (R/t milled)	171.59	157.86	164.72
Revenue (R000)	162,960	151,283	314,243
Cost (R000)	39,417	37,624	77,041
Profit (R000)	123,543	113,659	237,202
Uranium Oxide			
Pulp treated (t)	316,400	319,600	636,000
Oxide produced (kg)	50,690	58,559	109,249
Yield (kg/t)	0.160	0.183	0.172
FINANCIAL RESULTS (R000):			
Working profit: Gold	221,897	201,211	423,108
Profit on sale of Uranium Oxide and Sulphuric Acid	2,187	4,218	6,405
Net tribute royalties and sundry mining revenue	2,003	2,013	4,016
Net mining revenue	226,087	207,442	433,529
Net non-mining revenue (group)	21,533	18,324	39,857
Profit before tax and State's share of profit	247,620	225,766	473,386
Tax and State's share of profit	137,775	139,486	277,261
Profit after tax and State's share of profit	109,845	86,280	196,125
Capital expenditure	30,331	20,890	51,221
Dividend	107,100	—	107,100

DIVIDEND: A dividend (No. 19) of 105 cents (60.35523p) per share was declared on 7 December 1982, payable to members on or about 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1982 was R324.0 million.

SHAFTS:

No. 4 Shaft – E. Pre-sinking operations have been completed to 38 metres below collar. The headgear shell has been completed and equipping of the headgear will commence shortly.

No. 4 Sub-Vertical Shaft – E: The shaft was sunk 81 metres to a depth of 715 metres below collar. Excavation of 38 Level station has been completed.

No. 5 Shaft – E: The shaft was sunk 291 metres to a depth of 963 metres below collar. Excavation of the intermediate pump chamber is in progress.

No. 5 Sub-Vertical Shaft – E: Excavation of the hoist chambers is in progress.

No. 6 Tertiary Shaft – W: Raise-boring between 24 and 28 Levels has been completed, and is to commence shortly between 28 and 30 Levels. Sliping of the shaft to full diameter has progressed to 30 metres below 24 Level. Excavation of the hoist chamber on 26 Level is in progress.

No. 7 Shaft – W: The headgear shell has been completed and most of the concrete beams for the support of the internal steelwork have been cast. The foundations for the platform winder and man winder have been completed.

On behalf of the board
P. R. Janisch
P. W. J. van Rensburg } Directors

10 January 1983

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937,300 shares of R1 each, fully paid.

	Qtr. ended 31/12/1982	Qtr. ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold:			
Ore milled (t)	420,000	420,000	840,000
Gold produced (kg)	2,660.0	2,713.6	5,373.6
Yield (g/t)	6.3	6.5	6.4
Price received (R/kg)	15,535	13,956	14,737
Revenue (R/t milled)	98.62	90.32	94.47
Cost (R/t milled)	46.77	45.33	46.05
Profit (R/t milled)	51.85	44.99	48.42
Revenue (R000)	41,421	37,936	79,357
Cost (R000)	19,644	19,040	38,684
Profit (R000)	21,777	18,896	40,673
FINANCIAL RESULTS (R000):			
Working profit: Gold	21,777	18,896	40,673
Net sundry revenue	2,792	2,294	5,086
Profit before tax and State's share of profit	24,569	21,190	45,759
Tax and State's share of profit	7,922	7,185	15,107
Profit after tax and State's share of profit	16,647	14,005	30,652
Capital expenditure	9,454	7,666	17,120
Dividend	8,731	—	8,731

DIVIDEND: A dividend (No. 64) of 110 cents (63.22929p) per share was declared on 7 December 1982, payable to members on or about 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1982 was R134.7 million.

SHAFTS:

No. 4 Shaft: The shaft was sunk 270 metres to a depth of 524 metres below collar.

No. 4 Sub-Vertical Shaft: Shaft equipping is continuing.

On behalf of the board
P. R. Janisch
A. J. Wright } Directors

10 January 1983

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 70 cents each, fully paid.

	Qtr. ended 31/12/1982	Qtr. ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold:			
Ore milled:			
from surface dumps (t)	109,843	91,434	201,277
from outside sources (t)	85,157	94,566	179,723
total milled (t)	195,000	186,000	381,000
Gold produced (kg)	230.7	264.1	494.8
Yield (g/t)	1.2	1.4	1.3
Price received (R/kg)	15,422	13,979	14,652
Revenue (R/t milled)	18.28	19.87	19.06
Working cost (R/t milled)	10.60	10.47	10.54
Rock purchased (R/t milled)	2.88	3.40	3.13
Profit (R/t milled)	4.80	6.00	5.39
Revenue (R000)	3,565	3,697	7,262
Working cost (R000)	2,067	1,947	4,014
Rock purchased (R000)	562	632	1,194
Profit (R000)	936	1,118	2,054
FINANCIAL RESULTS (R000):			
Working profit: Gold	936	1,118	2,054
Net sundry revenue	546	520	1,066
Profit before tax	1,482	1,638	3,120
Tax:			
Formula tax	687	826	1,513
Non-mining tax	141	116	257
Excess recoupments tax	4	1	5
Profit after tax	650	695	1,345
Net recoupments of surface capital expenditure	10	1	11
Dividend	900	—	900

DIVIDEND: A dividend (No. 76) of 15 cents (8.62218p) per share was declared on 7 December 1982, payable to members on or about 9 February 1983.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 December 1982.

On behalf of the board
P. R. Janisch
G. P. Alvey } Directors

10 January 1983

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1982	Qtr ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold:			
Ore milled (t)	500,000	465,000	965,000
Gold produced (kg)	7,550.0	7,004.0	14,554.0
Yield (g/t)	15.1	15.1	15.1
Price received (R/kg)	15,553	14,085	14,847
Revenue (R/t milled)	235.46	212.61	224.45
Cost (R/t milled)	61.90	64.11	62.97
Profit (R/t milled)	173.56	148.50	161.48
Revenue (R000)	117,729	98,865	216,594
Cost (R000)	30,950	29,814	60,764
Profit (R000)	86,779	69,051	155,830
FINANCIAL RESULTS (R000):			
Working profit: Gold	86,779	69,051	155,830
Recovery under loss of profits insurance	279	2,921	3,200
Net sundry revenue	6,476	5,743	12,219
Profit before tax and State's share of profit	93,534	77,715	171,249
Tax and State's share of profit	51,813	43,235	95,048
Profit after tax and State's share of profit	41,721	34,480	76,201
Capital expenditure	13,854	10,682	24,536
Dividend	39,312	—	39,312

DIVIDEND: A dividend (No. 26) of 130 cents (74.72553p) per share was declared on 7 December 1982, payable to members on or about 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1982 was R188.5 million.

SHAFTS:

No. 3 Sub-Vertical Shaft: The shaft was sunk 86 metres to a depth of 1,181 metres below collar, and development of 39 Level station was completed.

No. 3 Sub-Vertical Ventilation Shaft: The cooling tower immediately below the shaft is nearing completion.

No. 4 Shaft: Detailed design work is in progress.

No. 4 Ventilation Shaft: Preliminary sinking of the shaft was completed to a depth of 33 metres below surface, and the surface structures and equipment are being erected.

On behalf of the board
P. R. Janisch
A. M. D. Gnodde } Directors

10 January 1983

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 89,540,000 shares of 20 cents each, fully paid.

	Qtr. ended 31/12/1982	Qtr. ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold:			
Ore milled (t)	360,000	345,000	705,000
Gold produced (kg)	1,799.4	1,790.3	3,589.7
Yield (g/t)	5.0	5.2	5.1
Price received (R/kg)	15,494	14,072	14,785
Revenue (R/t milled)	77.67	73.19	75.48
Cost (R/t milled)	49.63	50.19	49.91
Profit (R/t milled)	28.04	23.00	25.57
Revenue (R000)	27,953	25,262	53,215
Cost (R000)	17,868	17,316	35,184
Profit (R000)	10,095	7,936	18,031
FINANCIAL RESULTS (R000):			
Working profit: Gold	10,095	7,936	18,031
Net sundry revenue	1,244	865	2,109
Total Profit	11,339	8,801	20,140
Capital expenditure	4,132	5,140	9,272

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1982 was R30.7 million.

NO. 1 SUB-VERTICAL SHAFT: The shaft was deepened 36 metres to a depth of 574 metres below collar.

On behalf of the board
P. R. Janisch
B. R. van Rooyen } Directors

10 January 1983

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1982	Qtr. ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold:			
Ore milled (t)	366,000	366,000	732,000
Gold produced (kg)	2,487.9	2,623.0	5,080.9
Yield (g/t)	6.7	7.2	7.0
Price received (R/kg)	15,541	14,175	14,837
Revenue (R/t milled)	104.98	101.73	103.36
Cost (R/t milled)	58.78	59.05	58.92
Profit (R/t milled)	46.20	42.68	44.44
Revenue (R000)	38,423	37,234	75,657
Cost (R000)	21,513	21,613	43,126
Profit (R000)	16,910	15,621	32,531
FINANCIAL RESULTS (R000):			
Working profit: Gold	16,910	15,621	32,531
Net sundry revenue	3,005	2,712	5,717
Profit before tax and State's share of profit	19,915	18,333	38,248
Tax and State's share of profit	5,331	6,851	12,182
Profit after tax and State's share of profit	14,584	11,482	26,066
Capital expenditure	8,636	5,952	14,588
Dividend	8,000	—	8,000

DIVIDEND: A dividend (No. 52) of 80 cents (45.98494p) per share was declared on 7 December 1982, payable to members on or about 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1982 was R118.9 million.

SHAFTS:

No. 3 Shaft: The shaft was sunk 197 metres to a depth of 1,151 metres below collar.

No. 3 Sub-Vertical Shaft: Raise-boring between 23 and 25 Levels has been completed, and excavation of the chambers for the man winder, rock winder and sheaves is in progress.

No. 3 Sub-Vertical Ventilation Shaft: The shaft was sunk 7 metres to a depth of 22 metres below collar.

On behalf of the board
P. R. Janisch
A. M. D. Gnodde } Directors

10 January 1983

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,060,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1982	Qtr. ended 30/9/1982	6 months ended 31/12/1982
OPERATING RESULTS:			
Gold:			
Ore milled (t)	375,000	364,000	739,000
Gold produced (kg)	1,612.3	1,610.9	3,223.2
Yield (g/t)	4.3	4.4	4.4
Price received (R/kg)	15,506	14,342	14,924
Revenue (R/t milled)	66.83	63.60	65.24
Cost (R/t milled)	51.59	51.64	51.61
Profit (R/t milled)	15.24	11.96	13.63
Revenue (R000)	25,061	23,151	48,212
Cost (R000)	19,346	18,797	38,143
Profit (R000)	5,715	4,354	10,069
FINANCIAL RESULTS (R000):			
Working profit: Gold	5,715	4,354	10,069
Profit on sale of pyrite	96	64	160
Net sundry revenue	1,207	892	2,099
Profit before tax	7,018	5,310	12,328
Tax	2,247	1,505	3,752
Profit after tax	4,771	3,805	8,576
Capital expenditure	1,158	990	2,148
Dividend	3,030	—	3,030

DIVIDEND: A dividend (No. 85) of 60 cents (34.48870p) per share was declared on 7 December 1982, payable to members on or about 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1982 was R12.4 million.

On behalf of the board
P. R. Janisch
B. R. van Rooyen } Directors

10 January 1983

NOTE: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL.

William Dullforce, in Stockholm, examines the goals of the new Government's budget

Sweden takes 'third way' to recovery

SWEDEN'S NEW Social Democrat Government yesterday unveiled its first budget plans to take the "third way" to economic recovery without the pain of massive unemployment. It aims to increase industrial output and reduce the foreign payments deficit while keeping people in work.

Mr Kjell-Olof Feldt, the Finance Minister, distinguished the "third way" from both the expansionary and belt-tightening policies pursued by other industrialised countries.

Boosting private consumption and employment through expansionary policy, he said, led eventually to an enlarged payments deficit and higher inflation, while a tough deflationary line would result in unemployment and a considerable waste of resources.

The Social Democrats propose to pursue a mix of expansionary and belt-tightening measures. Priority will go to employment but, in the short term, Swedes will suffer a considerable fall in real incomes and living standards.

Writing in the finance plan which accompanies the budget, Mr Feldt underlines the distinction which can be made in a small, open economy between, on the one hand, domestic demand for Swedish and imported goods and, on the other hand, demand for Swedish goods at home and abroad.

The aim is to tighten the first type of demand and to stimulate the second. The launching pad for the policy is the 16 per cent devaluation of the krona undertaken by Mr Olof Palme's Government on its first day in office in October which gave Swedish goods an immediate price advantage abroad.

The Government claims that its strategy has already won a favourable response from the trade unions whose moderate wage demands for 1983, it hopes, will lead to a decline in real incomes and offer an opportunity to contain the inflationary pressures released by the devaluation.

> The Government claims that its strategy has already won a favourable response from the trade unions whose moderate wage demands, it hopes, will lead to a decline in real incomes and offer an opportunity to contain the inflationary pressures released by the devaluation.

The Finance Ministry expects an increase of only 7 per cent in hourly wages this year which would imply a cut of more than 4 per cent in real income, given that average prices are forecast to rise by 11.5 per cent. Allowing for taxes and allowances contained in the budget, Swedish households' real disposable incomes are expected to fall on average by 2.5 per cent this year.

The 1983/84 budget presented yesterday—effective from July 1—provides for a deficit of SKr 90.2bn (£7.7bn) or more than 30 per cent of total expenditure.

This is lower than feared by many Swedish economists. It compares with the SKr 91.8bn deficit now foreseen for 1982-83 and represents a decline from around 14 per cent to some 12.5 per cent of gross national product. It should be noted, however, that the budget originally anticipated a deficit of only SKr 78bn.

(Under the measure for public financial deficits used by the OECD, Sweden's would be equivalent to some 8 per cent of GNP in 1982-83 or less than the deficits of Italy, Denmark and Belgium.)

In spite of the increased spending on public works and on measures to combat unemployment, the Finance Ministry has striven to hold down the deficit by refusing to allow government bodies to compensate fully for devaluation and by improved cash management. Excluding interest payments, spending is scheduled to climb by only SKr 7.7bn between 1982-83 and 1983-84 against a SKr 20.2bn increase in income.

Nevertheless, the second largest expenditure item in the budget—after the allocation to the Social Affairs Ministry—is the SKr 56.5bn allotted to pay interest on the state debt. This is SKr 10.9bn more than in the previous budget and financing the deficit remains a major headache for the National Debt Office.

Foreign borrowing is scheduled to cover some SKr 18bn of the deficit in 1983 or only slightly less than the amount raised abroad last year. Of the remainder, SKr 17bn-SKr 27bn is due to be financed through the domestic banking system and SKr 72bn-SKr 77bn outside the banks.

In view of the boost to corporate profits from the devaluation, the Finance Ministry expects no problem in financing this amount outside the banking system. But it warns that from 1984, when industrial investment is due to take off, deficit finance will be less easy and will necessitate further tight curbs on budget spending.

In the finance plan, the Government underscores its intention to reduce subsidies to industry, arguing that, with the benefit to earnings from the devaluation, companies can start to stand on their own feet. The National Economic Research Institute estimates that corporate returns on equity will rise from 9 per cent in 1981 to 16.4 per cent in 1982 and to 20.4 per cent this year.

Export credit finance will be cut, as will cash and guarantees for the shipyards, while subsidies for the textile industry will be more selective.

Industrial investment will continue to decline this year, according to the finance plan, but at a lower pace—5 per cent compared with a decline of 16 per cent last year. Capacity utilisation is still very low. The Government expects an increase of 3 per cent cent in industrial output and a 1.4 per cent rise in GNP this year.

These improvements assume that there will be a 6 per cent increase in the volume of exports.

The Finance Ministry has also revised an earlier, more pessimistic prediction of the outcome of the payments balance. Assuming that there will be no increase in the volume of imports, it expects the current account deficit to fall from SKr 22.6bn last year to SKr 20.5bn this year.

Oil and gas found off Soviet Far East coast

MOSCOW — Soviet and Japanese geologists discovered new oil and gas reserves off the coast of the Far Eastern Soviet island of Sakhalin last year, according to Tass, the official Soviet news agency.

The joint research team, which has been operating for more than five years, will complete its prospecting work this year and preparations will then begin for the commercial exploitation of known deposits, it said.

Under an agreement signed in 1976, Japan is helping the Soviet Union prospect for fuel reserves around Sakhalin in return for deliveries of 3m tonnes of natural gas a year from 1988.

Tass said exploration of one field off the north of Sakhalin has been completed
Reuter

Polish coal sales

Polish coal exports reached 28.5m tonnes last year, an increase of about 13.5m compared with 1981, according to PAP, the official news agency, Reuter reports from Warsaw. Exports to hard currency countries rose by 7.6m tonnes and to East European states by 3.8m.

E. German broadside against Catholics ends period of peace

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S Roman Catholic Church has been attacked by the country's Communist leadership for its condemnation of military instruction in schools. The Government has hinted the East German churchman instead should follow the example of bishops in the United States by criticising "Washington's arms race."

The broadside by the East German Government has ended a lengthy period of cordial relations between the 1.3m-member Catholic Church and the authorities. The latter are anxious to gain the church's support for their peace campaign.

Neues Deutschland, East Germany's main Communist newspaper, said the bishops were "controlled by Rome which did nothing to improve" their criticism of obligatory military classes for 15-year-olds and of the "militarisation" of East German life. The bishops were reminded curtly that they are "citizens of the GDR."

The newspaper published a page of excerpts without commentary from the draft of the pastoral letter by 195 U.S. bishops attacking the nuclear arms race. The message was that East German bishops should follow suit but only in criticising the nuclear weapons strategy of the U.S.

The tension between the East German Catholic Church and the Communist party followed a sharp Soviet media attack on Pope John Paul for "inspiring reactionary Polish clerics to engage in anti-Socialist activities."

The appointment as cardinal of Herr Joachim Meisner, the East German bishop for East and West Berlin, has not produced the customary congratulations from the East German leaders.

Ironically, the East German bishops also came in for criticism from the newspaper of the Bavarian wing of the West German Christian Democrats. The newspaper accused them of equating Nato with the Warsaw Pact in their recent appeal for disarmament.

● Neues Deutschland yesterday told East German farmers that 1983 required the very best results from every field and every stable, and said they should keep up to date with the latest methods of improving efficiency, Reuter reports.

TALKS IN BRUSSELS TOMORROW

Athens seeks backing for import curbs

BY VICTOR WALKER IN ATHENS

GREEK OFFICIALS are due to start talks in Brussels tomorrow seeking EEC Commission approval for their Government's plans to restrict imports.

The delegation wants official blessing for the scheme under the provisions of Article 130 of Greece's accession treaty, which allows the use of emergency measures, given Commission permission, "in case of serious economic difficulty."

Announcing a 15.5 per cent devaluation of the drachma at the weekend, Mr Gerassimos Arsenis, the Economy Minister, said Athens intended to limit imports without breaking the conditions of its EEC membership.

Diplomats said yesterday there was no chance that Greece would be given approval for across-the-board restrictions for an indeterminate period. They would have to apply for a defined period and for specific sectors.

> **The European Commission said yesterday it regretted that it was not informed in advance of Greece's 15.5 per cent devaluation of the drachma, AP-DJ reports from Brussels. "Foreign exchange policy is in fact a matter of common interest, even for currencies not participating in the exchange rate mechanisms of the European Monetary System," it said.**

Mr Arsenis, who is also governor of the Bank of Greece, said the Government wanted to hold imports this year at 1980 levels, the last year before Greece's accession to the Community. He added that the duration of the import restrictions would depend on the progress achieved by sectors suffering severely from international competition.

The diplomats said it was assumed that Greece would have no difficulty in demonstrating by statistics that specific sectors were under real threat. It was not expecting to be turned down out of hand by the Community, and the Greeks themselves did not at this stage wish to do anything that would cause a crisis in their relations with the rest of the EEC.

The Conservative New Democracy Party, which lost office to the Socialists in the October 1981 general election, termed the devaluation and proposed import restrictions a "desperate measure." It would neither improve Greece's international competitiveness by making exports more attractive nor lead to an increase in foreign exchange inflows from tourism, shipping or emigrant remittances.

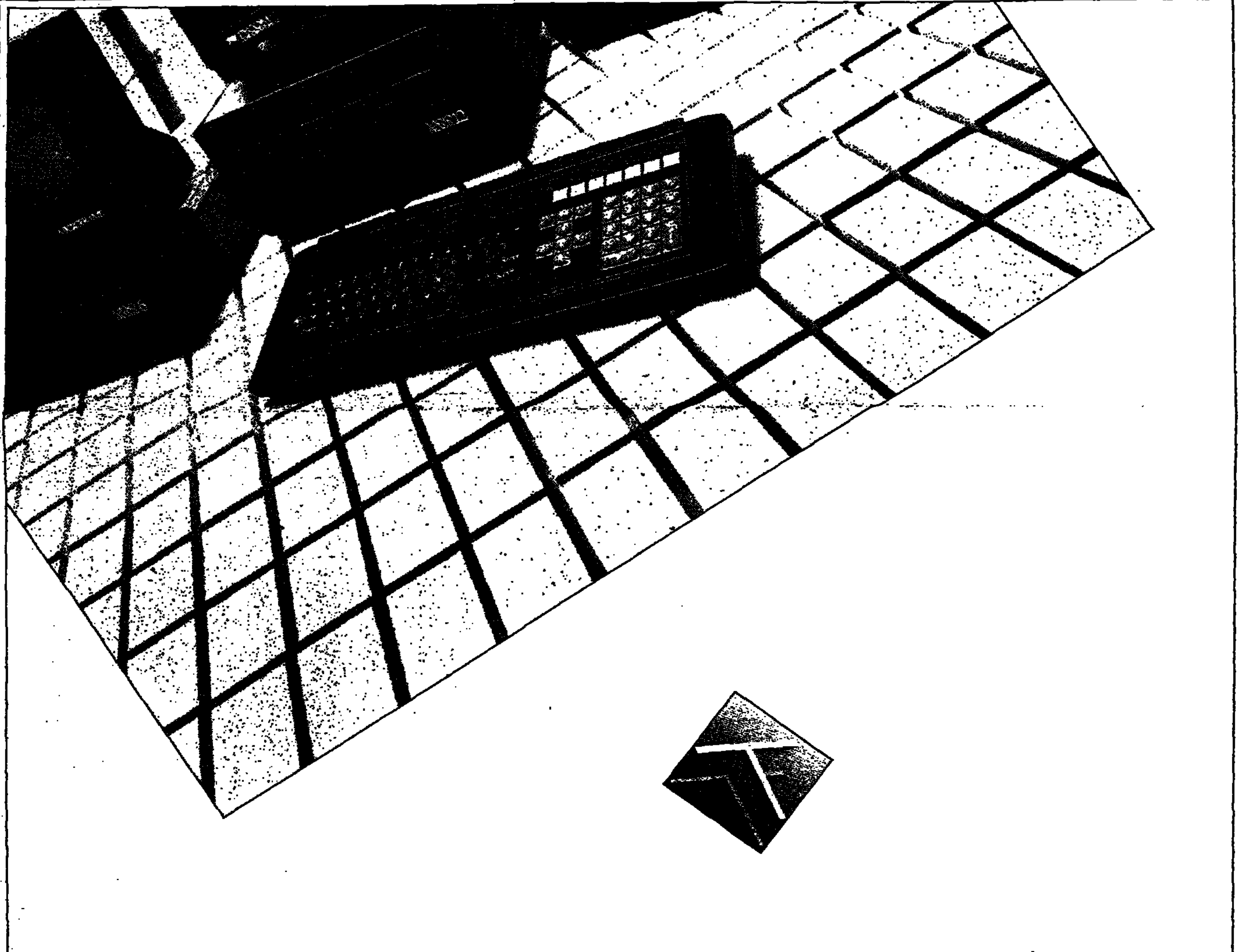
It charged that the Government, through its Socialist programmes, had increased production costs, and further weakened the position of Greek products on the international markets. Investors would not be persuaded to move funds to Greece in the absence of a climate of confidence and stability, it said, and predicted that the measures would increase the rate of inflation, now running at around 22 per cent, by another 7 per cent.

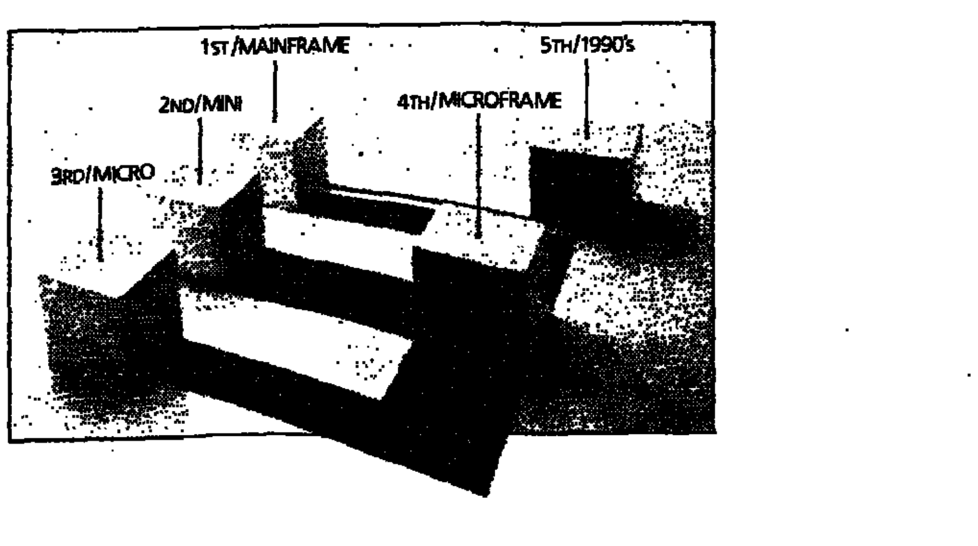
The Moscow-line Greek Communist Party, which has acquired increasing influence in the trade union movement over the past two years, said they would lead to a further decline in the standard of living of the working class, after the freezing of salaries and wages proclaimed by the Government for 1983.

It claimed the measures were part of the Government's efforts to face the crisis in the country's capitalist economy. "Once again, the workers will pay while capital remains untouched and unbridled."

The Federation of Greek Industries said it was awaiting publication of the Government's financing and credit programmes and would then study the devaluation and import restrictions as part of the general package of measures.

Some businessmen, however, privately expressed satisfaction with the devaluation but voiced doubts whether it would be sufficient. They had been advocating a devaluation in the area of 25 per cent, to have a greater psychological impact and encourage forward planning. They argued also that a devaluation of this degree would have made formal import restrictions unnecessary.





Lebanon talks remain focused on agenda

By Nora Boustany in Khalde, Lebanon

ISRAELI, Lebanese and U.S. negotiators yesterday concluded their fifth round of talks in less than two weeks on the withdrawal of foreign troops from Lebanon without agreeing on an agenda but amid signs that the dispute could be solved.

The three delegations met in the Lebanon Beach Hotel, south of the Lebanese capital, where Israeli troops tightened security following recent attacks against Israeli military vehicles in the area.

A joint statement read out by Mr Christopher Ross, assistant to Mr Morris Draper, the U.S. special envoy and chief negotiator, said: "The proposals which were presented at Kiryat Shmona (last week) were not accepted. New proposals for an agreed agenda were submitted today and will be presented to the governments of Lebanon and Israel. The next meeting will take place on Thursday at Kiryat Shmona." The meetings were "constructive," he said, and differences had been narrowed.

He was referring to two sets of compromise U.S. proposals aimed at breaking the deadlock over what topics are to be given precedence. The tripartite meetings have been held alternately between Khalde and Kiryat Shmona in northern Israel each week since December 28.

The new U.S. proposal according to Beirut Press reports, is that all subjects be discussed concurrently. The Israelis have insisted that the issue of normalisation be top of the agenda, while the Lebanese have demanded that the withdrawal of Israeli, Syrian and Palestinian troops be the leading item.

The formula circulated yesterday by Lebanese officials was that there should be "an open or free agenda," meaning that negotiations should proceed in areas where there is relative agreement such as security arrangments, while the touchy topic of normalisation would be left to the end.

The Israeli Foreign Ministry indicated that there was some relaxation on the question of normalisation, saying: "We are not talking about normalisation. We are now talking about the whole agenda, not only one point."

Iraq looks for support in diplomatic offensive

By Roger Matthews in London and Charles Richards in Cairo

IRAQ HAS launched a fresh diplomatic offensive to help offset the threat of further large-scale Iranian attacks across the border. The government in Baghdad is expecting the Iranians to attack again in the next few days but believes that a major assault will not come until the spring.

In the past fortnight Iraq has succeeded in improving relations with the Soviet Union, has signed new military supply agreements with France, has re-established direct contacts at senior levels with Egypt and has held talks with the main Iranian opposition group.

Two key meetings were held in Paris at the end of last week by Mr Tariq Aziz, the Iraqi deputy Prime Minister with responsibility for external affairs.

He first talked to Dr Boutros Ghali, Egypt's Minister of State for Foreign Affairs, in the first top-level meeting between the two sides since Iraq hosted the Arab League summit which decided on the boycott of Egypt in 1978.

The two men are believed to have discussed re-establishing formal diplomatic relations.

Later Mr Aziz held an equally significant meeting with Mr Massoud Rajavi, who heads the People's Mojahedin the main opposition grouping in Iran.

This also was an important first meeting as the Mojahedin are credited with being the most effective and implacable enemies of the Iranian regime headed by Ayatollah Ruhollah Khomeini.

Iraq is meanwhile understood to be well satisfied with the results achieved two years ago by the most senior delegation to have been sent to the Soviet Union since the start of the Gulf War.

Headed by Mr Taha Yassin Ramadhan, effectively the second man after President Saddan Hussein, and accompanied by Mr Aziz, the delegation is understood to have won agreement for the resumption of direct Soviet military supplies, including T-72 tanks.

Bangkok is loth to take a tough political line, writes **Jonathan Sharp**

Why the Thai economy is lopsided

LOVERS OF Australian wine in Thailand are not happy. Someone deep in the entrails of the Thai customs department has slapped a ban on imports of four-litre kegs of Killawarra, Wynvale and other vintages from down under, apparently because they come in mysterious cardboard boxes with rubber taps instead of in bottles.

The best efforts of Bangkok-based Australian diplomats—themselves large users of the kegs—to have the ban removed have so far been to no avail.

The episode sounds trivial. But it illustrates a broader point about the Thai economy: it is shackled by a bureaucracy which often seems slow-moving and unenterprising. It is said that when they cut red tape in Thailand, they cut it lengthways.

However, Thai officialdom is probably no more opaque than that in many other Asian countries. That civil servants are an important element of stability in a country which has experienced 14 attempted coups in the past 50 years.

The bureaucrats must be given a large measure of credit for the Thai economy's ability to hold its own in a world recession.

Overall growth for last year will be about 4 per cent or 5 per cent. While this is well below average growth rates in the past decade and also short of the 6.9 per cent target set in the fifth economic and social development plan unveiled last year, it is creditable even by comparison with the usually high growth rates experienced by Thailand's partners in the Association of Southeast Asian Nations (Asean).

Several other Thai economic indicators are looking healthy. The inflation rate was well down into single figures last year after being 12.7 per cent in 1981 and 18 per cent the previous year.

Thailand's 1982 trade deficit will probably turn out to be half that incurred in the previous year, when it was $3bn (£1.9bn). The current account deficit is expected to be slashed by slightly more than half, to about $1.2bn and few countries can boast of Thailand's low debt service ratio of 12 per cent. Last November, a U.S. research company, Data Resources, rated Thailand fourth in a study of Asia's best credit risks.

In the same month, the International Monetary Fund (IMF) granted Thailand permission to draw up to SDR 271.5m (£187m), a move seen as indicating the IMF's approval of the Government's economic policies.

Much of last year's growth was due to record output by the agricultural sector, which is still the backbone of the economy. Large surpluses available for export have allowed Thailand to compensate for depressed world prices of most of its commodities.

But agricultural production early this year is likely to be down by about 10 per cent, mainly because of bad weather. Another difficulty is that when world economic activity does pick up, Thailand's imports are likely to rise quickly, thus widening the trade deficit. November's IMF loan was arranged precisely to combat this problem.

In the longer term, Thailand needs to correct some deep-seated imbalances, some of which will require tough political decisions which the present Government, under Gen Prem Tinsulanonda seems loath to take.

Thailand is heavily dependent on imported oil, needed for more than 70 per cent of its energy requirements. However, large natural gas deposits have been discovered in the Gulf of Thailand, one offshore oil well is on stream, and there are modest amounts of crude oil onshore.

Thailand could earn an estimated $1bn annually by selling liquefied natural gas to Japan. But the Thai authorities are proceeding very cautiously.

The offshore gas field being tapped at present has not lived up to expectations and Thailand wants to make absolutely sure of how much gas it has got before rushing into projects which might prove over-ambitious.

Such prudence sounds admirable, but it also means that Thailand will not reap the full benefit of its undoubted gas bonanza for some years. Thai officials used to say that Thailand should be able to save $1bn in oil imports by 1984, but Western experts think that figure will not be reached until 1986.

A second major structural weakness is the fact that 70 per cent of Thailand's exports are made up by only 20 products. Most of them are raw commodities, such as rice and tapioca, which have very little value added.

Linked with this problem is the fact that Thailand's industrial sector, while growing fast by Third World standards, has traditionally been shielded by high tariff barriers. As a result, it tends to be inefficient and uncompetitive. Much of a structural adjustment programme, sponsored at a cost of hundreds of millions of dollars by the World Bank, is aimed at promoting industry, particularly agriculture-based industries like food processing, and at the same time bringing down import tariffs and boosting exports. A step in this direction was taken in November when the maximum import tariff was lowered to 60 per cent.

At the same time, Thailand's antiquated tax structure is badly in need of reform. But to do so would hurt a lot of people's pockets, including many influential government supporters. With elections due in the first half of this year, Gen Prem's Government is loth to bite the tax bullet for the time being.

To its credit, however, the Government did in April 1981 raise Thailand's unrealistically low energy prices to fulfil a commitment to the IMF. But the Government still needs to raise the prices of most utilities to bring them in line with costs.

Thai economic statistics can be misleading because they occasionally mask major difficulties. The rate of unemployment, for instance, is said to be only about 5 per cent, which may be so. But this ignores under-employment, which some foreign analysts say may be as high as 50 per cent.

Gen Prem Tinsulanonda: needs to correct deep-seated imbalances

World Bank officials point approvingly at Thailand's per capita income, which according to 1980 figures stood at slightly more than $710. Thailand is thus well above the cut-off point of $400 which the bank sets for its most concessionary loans.

But this hides the tremendous disparity in Thai incomes. In prosperous Bangkok, per capita income in 1980 was $2,170, while in north-east Thailand it was a paltry $290.

The current five-year economic development plan has indentified this lopsidedness as a key problem and lists several projects to raise the living standards of the poor. But then so did the previous five-year plan.

Boost for Janata after defeat of Gandhi

By K. K. Sharma in New Delhi

THE FIRST non-Congress party Government was formed in the southern state of Karnataka yesterday when Mr Ramakrishna Hegde was sworn in as the Chief Minister at the head of a small ministry of seven ministers from the Janata party.

The formation of a Janata government in Karnataka means the revival of a party that was thought to have crumbled in 1980, when Mrs Indira Gandhi, the Prime Minister, swept to power in parliamentary elections.

The Janata party, which ruled India from 1977 to 1979, broke up into five fragments which have since been working against each other rather than opposing the ruling Congress (I) party.

Mr Hegde, who is general secretary of the Janata party at a national level, became Chief Minister of Karnataka yesterday only because of the support of members of some of the other fragments, notably the Bharatiya Janata party, which is the successor to the Hindu nationalist Jana Sangh party.

Mr Hegde's Janata party emerged as the largest single party in Karnataka, but failed to secure an absolute majority. Without the support of the Bharatiya Janata party and other groups he would not have been invited to form the government.

The surprise resurrection of the Janata party in Karnataka, and the support to it by other groups, could be the beginning of fresh opposition unity moves, which would humiliate Mrs Gandhi. If this experiment is extended to other states and nationally, the challenge to Mrs Gandhi would be serious.

The coming elections in the north-eastern states of Assam and Meghalaya and in the union territory of Delhi next month will show whether last week's results were an isolated phenomenon or a trend.

Mrs Gandhi's position could become distinctly shaky if she loses next week, forcing her to decide what options are open to her before the next general election due late next year.

Mrs Gandhi has maintained a curious silence since last week's debacle of her Congress party.

Mugabe attacks Reagan's policy over Namibia

BY OUR HARARE CORRESPONDENT

MR ROBERT MUGABE Zimbabwe's Prime Minister, yesterday bitterly attacked the Reagan Administration's policy towards a Namibian settlement, accusing Washington of encouraging Pretoria's "daring and aggressive" policy of destabilisation on the subcontinent.

Opening an American-African conference attended by leading U.S. experts on Africa—including Mr Chester Crocker, Assistant Secretary of State for African Affairs, who is Washington's key official in the Namibian settlement talks—Mr Mugabe described the U.S. attempt to link Namibian independence with the withdrawal of Cuban forces from Angola as a form of blackmail.

Far from playing a mediating role, the U.S. had introduced a "stumbling block" that might well temporarily impede the decolonisation process. The Organisation of African Unity, Mr Mugabe said, had unanimously rejected the linkage concept, and U.S. insistence on it served only to give "solace" to South Africa. South Africa was occupying parts of southern Angola, but the U.S. had not demanded Pretoria's withdrawal, he said.

S. African jobs appointment by U.S. investors

By Bernard Simon in Johannesburg

UNITED STATES investors in South Africa have appointed a full-time "national co-ordinator" to improve the application of the Sullivan principles of fair employment practice and to oversee their relations with monitoring groups and the South African Government.

The move coincides with indications that British and other European companies are taking an increasing interest in the Sullivan principles, which were drawn up in 1977 by Rev Leon Sullivan, a black American churchman who is also a director of General Motors.

Australia slashes intake of skilled migrants

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA, because of recession and mounting unemployment, is to slash its intake of skilled migrants by more than 10,000. As a result, the total intake for 1982-83 is likely to be around 100,000, as against 118,700 last year and 119,900 in 1980-81.

This is thought to be the first time in years that the target intake has been altered in mid-course, and underlines the Government's unease over rising unemployment, which is likely to prove a key issue in this year's federal election.

Canberra has already announced a crackdown on the estimated 40,000 illegal immigrants living and working in Australia. Originally, the total migrant intake for 1982-83 was expected to be around 130,000 including New Zealanders, who enjoy unrestricted rights of entry.

Sectors in which job vacancies have evaporated include mining, engineering, electronics, building, motor vehicles and textiles. A few job categories are still in demand, including metallurgists, computer programers, system analysts, orthodontic technicians—and pastry cooks.

U.S. revives gas decontrol issue

BY PAUL BETTS IN NEW YORK

THE DEBATE on the contentious subject of the decontrol of natural gas in the U.S. is heating up in what is likely to become one of the main battlegrounds of the new Congress.

The Reagan Administration is reviewing several options to phase out price controls on domestic gas.

From the beginning, the decontrol of domestic gas has been one of the priorities of the Reagan Administration's energy policy.

But the White House has postponed pushing ahead with new legislation to remove gas price controls in order to avoid a political clash on the issue.

Mr Donald Hodel, the new Energy Secretary, has been actively seeking to revive the issue of gas decontrol. He has suggested a round of talks with congressional leaders, industry officials, and consumer groups to seek a constructive approach to the controversy.

To help the discussion, the White House has prepared a working paper suggesting three possible options on how to decontrol all natural gas prices.

The first proposal would decontrol all prices immediately. This is the course favoured by the Administration, but is likely to face huge opposition.

The second option would also decontrol prices immediately. But decontrol would be accompanied by restrictions and special terms to cover long-term gas contracts.

Long-term contracts are at the heart of the controversy. Transmission companies and gas utilities are generally locked into long-term gas supply contracts which distort the real price of the commodity.

Some contracts involve prices well above the market rate while in others prices are well below average market rates.

Because of the price distortions, home fuel prices this winter are expected by the Energy Department to rise by about 25 per cent, despite the so-called gas glut.

Thus, utilities locked into expensive long-term contracts, which were negotiated when expectations were for declining gas supplies and higher prices, want gas price decontrol to be accompanied by a reappraisal of their contractual obligations.

Banks move to approve loan data exchange

By Paul Taylor in New York

REPRESENTATIVES from the world's largest commercial banks were meeting in Washington yesterday to hammer out detailed plans for the setting up of an international institute to act as an information exchange between borrowing countries and member banks.

The meeting of a steering committee composed of about 15 banks follows the so-called Ditchley I and Ditchley II meeting of international commercial bankers from North America, Europe and Japan last year.

The bankers, meeting in New York last October, approved the setting up of the institute, whose membership will be open to any lending bank. The approval of the proposal for a separate institute run by and for the commercial banks came after mounting concern about the liquidity problems of some of the less developed nations. It was principally seen as an attempt to shoreup the confidence of the regional banks in international lending.

The Washington meeting, which is expected to continue today, is expected to consider the detailed organisation of the institute together with the problem of recruiting a managing director and staff to run it.

The major U.S. banks are known to be concerned that the commercial banks as a whole push ahead with the proposal despite some easing in the immediate problems facing some of the less developed countries.

Brazil assured of $2.5bn new money

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

BRAZIL is sure of raising more than $2.5bn in new money from its leading commercial bank creditors this year, although the pace of replies from banks approached for a total of $4.4bn has slowed in recent days.

Commitments, so far promised, which cover replies from about half the 120 banks contacted, means that only some $500m extra money has been raised since the middle of last week. Replies from Japanese banks which have been asked to put up $727m are still awaited.

Bankers in New York said yesterday that they expected Japanese banks to reply this week. The Japanese have been holding back because they consider the base on which individual bank contributions are calculated to penalise them in comparison to U.S. banks.

This is because the base does not include short-term debt, a large portion of which was extended by U.S. banks.

U.S. banks have already put up more than $1bn out of the total $1.3bn requested from them. As in the case of Mexico, smaller regional banks have been responding more favourably than some market participants feared. Some U.S. banks, like their European counterparts, have made their replies conditional on all four parts of the Brazilian debt package being completed.

The other three include refinancing of some $4bn of debt maturing this year, maintenance of short-term trade finance and restoration of money market lines to Brazilian banks.

U.S. banks say they would resist strongly any effort by Japanese or other national groups to change the base calculation for contributions to the loans.

French trade deficit with W. Germany soared last year

BY DAVID HOUSEGO IN PARIS

A RISE IN French household expenditure when discretionary spending in West Germany has been tightened has been singled out as the main reason for France's soaring trade deficit with its chief trading partner.

The finding was made in a report by the Banque Nationale de Paris (BNP) in its latest economic bulletin. The bank noted that the deficit soared last year, the first full year of the new Socialist Government of President Francois Mitterrand.

It finds that the deficit has expanded most sharply when France has allowed household spending to rise at a faster rate than across the Rhine. It says the deterioration reflects the greater specialisation of West German industry.

But BNP also argues — in line with other recent studies from the Government statistics institute, INSEE, that the oft-cited reason of a lack of French price competitiveness does not hold true in practice.

The bilateral deficit has grown from around FFr 10bn during the years 1974-79 to FFr 23bn in 1981 and a potential FFr 40bn (£10bn) this year. It is the major source of friction in what the French regard as otherwise their "privileged" relationship with West Germany and one that they will be taking up vigorously once the German elections are out of the way in March.

France and West Germany are each other's largest export and import markets with French sales to West Germany accounting for 15 per cent of French exports and West German sales to France 12 per cent of West German exports.

The BNP report shows that the most dramatic deterioration in the trade balance has been in food products and in household goods. Most noticeably the French import cover for automobiles — the ratio by which imports are covered by exports—dropped from 175 per cent in 1970 to 49 per cent in 1981.

The Bank points out that the worst troughs in the deficit have occurred in the years 1974, 1976 and 1981, when French household expenditure has sharply outpaced that of West Germany, thus boosting the volume of French imports. Parallel with this was that expansion of the French domestic market has been accompanied by a slackening of export effort.

BL urges Spanish tariff cuts for large-engined vehicles

BY OUR MOTOR INDUSTRY CORRESPONDENT

BL has suggested that Spain should reduce immediately the import tariffs on cars with large engines—types that are not produced in Spain.

The state-owned group has urged the UK Government to put this proposal to the Spanish authorities because pressure for an across-the-board cut in car import tariffs seems unlikely to have any effect.

BL maintains that, as no car with a petrol engine of over 2 litres is made in Spain and as no diesel-engined car over 2.5 litres is produced there, the Spanish Government could remove the protective tariffs and allow the import of large cars with engines of these sizes and above without damaging local producers.

While there might be some substitution—customers might trade up from Spanish-built cars if large cars were less expensive—BL believes there would also be an expansion of total sales because the range of cars available in Spain would be widened.

The Spanish motor industry is protected by a trade agreement signed with the EEC in 1970. This permits Spanish-built cars to enter the Community after paying a preferential tariff of only 4.4 per cent while allowing Spain to charge 36.7 per cent on car imports from the EEC.

The UK Government has often urged the Spanish to cut their tariffs to 'bring them into line with those charged by the EEC.

Neither the British Government, nor the UK Society of Motor Manufacturers and Traders, which represents the motor industry, has suggested that there should be retaliatory action if the Spanish did not respond. But there has been British trade union pressure to stop the further build-up of Spanish car imports unless Spain is opened up to British cars.

BL's performance—Page 6

Attempt to circumvent car import quotas

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE JAPANESE will increasingly use the less-developed countries (LDCs) for a "surrogate export strategy," suggests a report* from the Economist Intelligence Unit.

LDCs, chiefly in the Asia-Pacific area, could be used as final assembly points for cars embodying a substantial amount of Japanese parts and then exported elsewhere.

"These cars will be shipped from, say, Taiwan or India with the intention of partially circumventing quotas placed on wholly Japanese products," says the author of the report, Mr Stuart Sinclair, previously senior staff economist with General Motors Overseas Corporation and now at the graduate school of management, University of California.

"The problem that has already risen with this strategy, however, is that there are no secrets in the car industry, and import controls of one type or another will be imposed on such cars sooner or later."

Mr Sinclair points to the problems BL had with the Triumph Acclaim, a car using Honda parts, in Italy, which complained about its Japanese content. Protests have also been heard about the possibility of cars from Mitsubishi's factory in Australia being imported into Britain.

The report highlights the domination of LDC car markets by the Japanese and points out that in 1980, Japanese companies provided 24 per cent of all the cars imported into Africa. They took second place to French producers, who had 38 per cent of the African car market.

When all sales, including commercial vehicles, were taken into account, however, the Japanese, by selling 296,000, pushed the French, with 206,000, into second place.

In the Middle Eastern LDCs, the Japanese outsold all other producers, even on the basis of cars alone. Japan accounted for 54 per cent of sales there in 1980, with 249,000 cars exported.

In the Caribbean LDCs, the Japanese took 84 per cent of sales. In South and Central America, they sold 39 per cent of the cars bought, and in the Pacific region they produced 78 per cent of the cars imported into the LDCs.

The report suggests the Japanese domination of LDC car markets will continue and strengthen because:

- They have developed large and financially healthy dealer networks.
- They have now begun to concentrate their major efforts on countries, such as Nigeria, in which Japanese penetration has so far been limited.

On the first point, the report points out: "It is often forgotten outside the car industry that the car manufacturers are not engaged in the business of selling cars to people—they are selling cars to dealers. And the larger and healthier the dealer network, the greater is loyalty and resilience."

The report, which briefly covers 22 countries, maintains that there are two contradictory forces at work in the international spread of the motor industry—one pressing for more eclectic sourcing by the established producers and the other increasingly obstructing the flow of cars and components across borders.

Mr Sinclair says that the most important point about local content rules—being imposed by more and more governments—is that, as they become more stringent, they impose on producers costs which tend to rise disproportionately.

"Thus, a 60 per cent local content floor for car producers may mean a $1,000 per car cost disadvantage over an imported equivalent. But a 70 per cent floor might involve a $1,500 per car disadvantage."

"Motorising the Third World—Prospects to 1990." £60 from the EIU, 27, St James's Place, London SW1A 1NT.

Saab car sales rose by 17% last year

By John Griffiths

SAAB car sales rose by 17 per cent last year, during which total world car sales fell by 7 per cent. The 86,500 total was comfortably above the forecast of 80,000 sales made at the start of the year by the Swedish truck, car and aerospace group.

Mr Sten Wennlo, chief executive of the group's car division, says that "we are now beginning to see the results of our long-term development programme, aimed at concentrating on the market segment for larger and better-equipped cars."

While sales of its cheapest 99 saloon rose 15 per cent to 19,200, the biggest sales growth came from its 900 Turbo model, which competes with BMW, Mercedes and other executive models. Sales of these were up 20 per cent to 21,900.

Saab expects a further sales increase this year, to 90,000-93,000 units.

Current output is at the rate of 90,000 cars a year. Several times during 1982, Saab was obliged to increase production rates, as well as take on 300 more workers at the Trollhattan factory.

Philippines tries to reduce imports

BY LEO GONZAGA IN MANILA

THE PHILIPPINES' worsening trade deficit has prompted the Government of President Ferdinand Marcos to take steps to curb imports and boost exports.

The Philippines last year recorded a trade deficit of about $1bn, and is hoping to reduce it by half in 1983.

Mr Marcos last week issued decrees imposing a 3 per cent surtax on imports. The import control measures also require importers to pay the full amount of duties and taxes due on their imports upon opening letters of import credit with their banks. The requirement also covers imports under other bank financing arrangements.

Previously payments of duties and taxes could be made after release of the imports to the importing agents.

The only exceptions to the 3 per cent import duty are goods imported by the Government, and its agencies; imports for bonded manufacturing or smelting warehouses; personal effects of diplomatic corps members and of returning diplomats.

Earlier, the Central Bank ruled that vehicle assemblers must open letters of credit covering the import of completely knocked-down kits for their assembly operations. Previously, such kits could be bought in under suppliers' credit arrangements. The change means assemblers must now make so-called import margin deposits of 50 per cent of the value of the imports.

The president suspended a tax on the export of sugar and molasses. There also were reports he would allow 40 or so copra crushers to resume coconut oil sales to overseas buyers. Up to now, coconut oil can be exported by only four selected crushers — the others must sell excess coconut oil for the coco diesel programme of the Government.

Businessmen feel the Presidential moves on imports will raise imports costs by an average of about 12 per cent. The continuing erosion in peso value vis-a-vis the U.S. dollar is going to be an additional cost. All this can be offset if an importer uses the imports for export production, the exchange factor has meant more pesos for dollar earnings.

New Zealand negotiates cut in freight rates

By Dai Hayward in Wellington

NEW ZEALAND has negotiated a record 16 per cent cut in shipping freight rates for meat, butter and cheese exports to Japan. The new rates negotiated by the New Zealand Meat Board with the New Zealand Eastern Shipping Conference will save about NZ$80 (£36) a tonne on lamb and mutton exports.

This year, New Zealand hopes to send about 40,000 tonnes, but part of this will be carried by the non-conference line, Lauritzen.

The Meat Board negotiators took a tough stand during the negotiations. It is understood the conference lines were told that if they did not accept a substantial reduction in freight rates, the board would put its meat cargo up for tender.

In addition to the Lauritzen line, the Russian Far Eastern Shipping Company could also be interested in carrying New Zealand's meat shipments.

The reduced freight rate will help New Zealand to compete against Australian meat exports which, until now, have enjoyed a lower freight rate. New Zealand is trying to increase sales in the Japanese market and the lower freight rate will be of considerable benefit.

The new rates apply for a full year. Shipping companies say that the lower rates will hit their viability to provide a third container ship on the New Zealand-Japan route.

Rees holds 'constructive' talks in Burma

RANGOON — Mr Peter Rees, British Minister of State for Trade, said yesterday his talks with Burmese leaders were "very constructive" and he would encourage British industries to participate in Burma's development.

Mr Rees, on an Asian tour, arrived in Rangoon on Friday and has since held talks with Mr Khin Maung Gyi, Burmese Trade Minister. He said that he explained to the Minister the British Government's belief in open trade.

He saw the visit as one of re-establishing British commercial contacts with Burma, a former British colonial territory that went into virtual self-isolation in the early 1960s. Burma became independent in 1948.

Two British companies, Cementation Project and A.P.V. International were understood to have reached agreement for participation in a project to expand the government pharmaceutical industry near Rangoon. The project is valued at £30m.

Platt Saco Lowell will also be involved in a £12.4m project to modernise a textile factory near Rangoon. Britain would provide some aid for these projects.

Burma's Socialist government does not allow foreign investment, but officials express willingness for joint projects that are "mutually beneficial." Earlier, Mr Rees made a brief stop in Thailand where he met Mr Chatichai Choonhavakn, Industry Minister, officials and businessmen.—AP

Iran pledge on Indian iron ore concentrates

BY K. K. SHARMA IN NEW DELHI

IRAN has told the Indian Government that next year it expects to start buying iron ore concentrates from the project at Kudremukh in Karnataka state as the steel plant scheme at Ahwaz is nearing completion.

The Kudremukh project was set up to serve Iran's requirements on an exclusive basis when the Shah was in power, but the delay in implementing the steel plant scheme at Ahwaz after he was ousted forced Iran to cancel the schedule for deliveries. This left India with a massive surplus of iron ore concentrates.

Of the $630m that Iran was to have given to India to finance the Kudremukh project, only $255m was remitted, leaving the Indian Government with no option but to provide the rest of the finance itself.

Since then, India has found other buyers for part of the iron ore concentrates produced at Kudremukh, including Romania, which has contracted to buy 3m tonnes until 1985.

It is now expected that contracts for a smaller quantity than the original 7.5m tonnes a year Iran had agreed to buy will be signed this year. This will depend on agreement on financing arrangements.

Wytch oil bids fail to meet £450m valuation

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is considering including British Gas Corporation's 50 per cent stake in the important onshore Wytch Farm field in a sale of North Sea oil assets.

The move is one of the options before energy ministers as they review the disappointing industry response to the proposed auction of the Wytch Farm interests. The field, in Dorset, southern England, is the UK's biggest onshore oil discovery, but only three groups have submitted bids.

British Gas has told Mr Nigel Lawson, Energy Secretary, that it is not prepared to recommend acceptance of any of the bids. The offers are known to fall well short of the £450m valuation made by the Corporation.

As a result, Mr Lawson might well drop his plans for a separate valuation of Wytch Farm assets.

The three groups which bid for Wytch Farm were: a consortium of independent companies led by London and Scottish Marine Oil; a group led by Rio Tinto-Zinc and including Charterhouse Petroleum and Associated British Foods; and an independent company, Ashdown Oil.

Under the Wytch Farm operating agreement, British Petroleum, which owns the other 50 per cent stake, has the right to buy the Gas Corporation's share by matching any other bid.

Industry reports suggest that the bids included cash offers of no more than £100m. The submissions, however, are thought to be complicated, including provisions for further payments once more is known about the field's reserves and production prospects.

The nature of the bids, and British Gas Corporation's stance, will make it difficult for Mr Lawson to proceed with the sale without being accused of selling state assets too cheaply.

But he is determined to go ahead with his plans for transferring the corporation's Wytch Farm assets to the private sector.

Mr Lawson may well decide to incorporate Wytch Farm in a much broader sale of Britisch Gas oil assets. This sale could raise several hundreds of millions of pounds.

The corporation has been ordered to split its North Sea assets into four subsidiary companies and to obtain from independent petroleum consultants a valuation of these interests. British Gas has until April to complete this work.

The Government has still to decide how the assets will be sold. It could opt for a sale of shares, as in the case of Britoil and the Amersham International radioactive chemicals group; it could decide to sell all of the assets to the highest bidder (the route chosen for Wytch Farm); or it could opt for the piecemeal sale of interests.

British Gas has made no secret of its opposition to the sale proposals. Relations between Mr Lawson and Sir Denis Rooke, chairman of the Gas Corporation, are likely to become even more strained as a result of the Wytch Farm bids.

Mr Lawson is smarting at the time it has taken British Gas to present bids for Wytch Farm. It is almost 18 months since the corporation was told to sell its half share. He is also unhappy at the way British Gas made known its initial valuation – £450m – based on an optimistic assessment of reserves.

British Gas yesterday refused to comment on the Wytch Farm sale. But Lord Kearton, former chairman of the state-owned British National Oil Corporation, yesterday congratulated the Gas Corporation on its "splendid rearguard action" in resisting pressure for the disposal of Wytch Farm assets.

The policy was "perfectly justified" by the need to provide gas as cheaply as possible, he told the Coal Industry Society.

Imports take bigger share of British heavy truck market

BY JOHN GRIFFITHS

A LONG-AWAITED recovery in UK heavy truck sales failed to materialise last year and British manufacturers lost considerable ground to importers. The 45,349 trucks over 3.5 tonnes registered represented an increase of only 0.9 per cent on 1981, itself the worst 12-month period for 40 years.

But importers, helped by the strong pound, increased their share of sales from 22.6 to 28.8 per cent.

Ford, whose heavy trucks are all built in the UK, remained the market leader with a 22.48 per cent market share. But in unit terms its sales fell by 5 per cent and it lost 1.4 per cent in market share.

Bedford, whose General Motors parent is considering investing £100m in new truck facilities, saw its unit sales slip by 12.3 per cent and its market share fall from 16.43 to 14.29 per cent.

Society of Motor Manufacturers and Traders statistics show that third-placed Leyland Vehicles – the commercials arm of BL – lost 15 per cent sales in unit terms, with its market share falling from 15.97 to 13.37 per cent.

The fourth major UK manufacturer, Karrier Motors – jointly owned by Talbot and Renault – saw its own market share drop slightly from 10.92 to 10.55 per cent.

The heavy trucks sector continued to be much the hardest hit during the current recession, and few manufacturers are predicting any significant upturn during the coming year.

Sales of all commercial vehicles improved by 6 per cent, from 217,812 to 231,014. The importers' share of the market overall fell, from 31.1 per cent in 1981 to 29.9 per cent. But this was a result of the introduction of the Anglo-Japanese "gentlemen's agreement" restricting sales of purpose-built Japanese vans to 11 per cent of the market.

This meant that the Japanese share of this largest of the commercial vehicle sectors fell from 23.41 per cent in 1981 to 14.41 per cent. Total sales of purpose-built vans were 106,043, against 98,466 in 1981, a rise of 7.7 per cent.

Again, Ford was the clear market leader, its 1981 share of 32.99 per cent being raised to 41.23 per cent, thanks partly to major promotional campaigns for its Transit van, and the launch of its South-African built P100 pickup.

Bedford retained second place in the purpose-built van market, however, with a market share of 12.107 per cent, down slightly from 12.3 per cent. Freight Rover, the BL vans operation which launched a new Sherpa model half way through the year – and whose managing director, Mr Tony Gilroy, is about to take over as head of the Land Rover group – increased its share from 8.7 to 9.06 per cent.

But continental manufacturers also made considerable inroads. Mercedes lifted its sales by 38 per cent, while Renault sales of Trafic and Master vans more than doubled.

Lloyd's and Federal settle outside court

A MULTI-MILLION dollar lawsuit between a U.S. computer leasing company and Lloyd's of London insurance underwriters has been settled out of court.

The action, which was to be heard in Maryland District Court in the U.S., had been brought by Federal Leasing, a computer leasing company which was claiming up to $550m in compensatory and punitive damages on computer leasing insurance business.

Lloyd's and Federal arrived at a compromise just as the action was due to begin. Terms will be made known on January 31.

Federal, had pursued its action against Lloyd's since 1979. It was claiming compensatory damages, alleging that its business suffered because of failure by Lloyd's to pay immediately on claims falling due on its computer leasing policies.

Foot consents

MR MICHAEL FOOT, the Labour Party leader, has personally endorsed the candidacy of Mr Peter Tatchell, the far Left candidate in the forthcoming by-election in Bermondsey, south London. Mr Foot opposed Mr Tatchell's selection in 1981, because he was in favour of anti-parliamentary action. But in a letter last night, Mr Foot said difficulties had been overcome.

Posgate decision

MR IAN POSGATE will learn today if he has won his challenge in the High Court against the decision of the committee of Lloyd's, the insurance market, to suspend him from underwriting. This followed allegations that Mr Posgate had been involved in financial irregularities in respect of companies in the Alexander Howden Group.

Observer denial

LONRHO, the international trading conglomerate, yesterday denied that it was negotiating the sale of The Observer, Britain's oldest Sunday newspaper. Neither was it seeking a purchaser.

Mr Paul Spicer, a Lonrho director, said yesterday that speculation about the sale was the result of "slight over-reaction" by journalists after certain comments made by Mr Roland 'Tiny' Rowland, the group's chief executive.

BL success

THE METRO model transformed BL's sales performance in continental European markets last year. The group's continental sales reached 105,000 vehicles, a 25 per cent improvement on 1981 and the best achievement since 1978. Nearly half the total was accounted for by Metro which in its first full year had sales of 51,000.

Oil asset 'wasted'

BRITAIN was over-producing oil and using up an irreplaceable asset too fast, Lord Kearton, former head of the British National Oil Corporation, said in London yesterday. In a review of energy prospects he said he believed Britain had "thrown away all the advantage" deriving from North Sea oil. It had done little more than subsidise unemployment.

Credit card deals

NATIONAL Westminster Bank and Midland Bank have negotiated separate deals which will give customers of two building societies, the Provincial and the Nationwide, use of Access credit cards and the banks' cash dispenser machines.

Aircraft jobs

SHORTS, the Belfast aircraft and missile manufacturer, plans to recruit 300 more workers this year to meet increased production levels of its new commuter aircraft.

SCOTTISH KNITWEAR INDUSTRY

Pressures on Hawick to change style

By Anthony Moreton, Textiles Correspondent

THE LITTLE Borders town of Hawick, population just over 16,000, produces the classiest knitwear in the world. Names like Pringle, Lyle and Scott, Barrie, Gladstone and Peter Scott, together with Ballantyne in nearby Innerleithen, are famous from Toronto to Tokyo.

But the industry on which it is based is facing the most serious challenge to its position for years — from the recession and changing fashions.

Almost three-quarters of the town's pullovers, skirts, cardigans and dresses in wool, mohair and cashmere go abroad. Although the town contains only about a quarter of the workers in the Scottish knitwear industry — 4,000 out of some 14,000 — it accounts for some 70 per cent by value of the turnover of the Scottish industry.

Figures of turnover in Scotland are difficult to obtain since the Government altered the basis of its calculations but it is known they reached £96m in 1980 and must be well over £100m now. Hawick's share of this is more than £70m.

Until early this year the town managed to ride the recession with equanimity. But, suddenly, over the past eight or nine months the recession has come to Hawick. There is short-time working and it is possible to get skilled workers easily.

Frank Leithead, managing director of Lyle and Scott, a Courtaulds' subsidiary, says that his company and Pringle are probably the only two in Hawick not now on short-time or having created redundancies.

"One company is down to two days a week. Others are working their shift systems over five days without any overtime. Suddenly, there is labour available. People have stopped buying and we can get workers, if we want them, for the first time for several years."

Archie Purvis, secretary of the Hawick Knitting Manufacturers' Association, points out, though, that the word "recession" has to be used carefully. "It's very much a matter of gradation. There has been some falling off in orders here, but it has been nothing like what has happened in the English Midlands or even in the West of Scotland. There, unemployment is in places very severe.

"We have been cushioned from the worst effects of the recession because at a time when money is short people go for quality and make their purchases last longer. Compared with the rest of the industry we are booming, but compared with our own high standards we have had some setbacks this year.

"There have been some redundancies here and there and some firms have gone on to a four- or three-day week. But because so much of our output goes abroad, and is expensive, we have not suffered like Leicester and Nottingham."

The really severe drop in sales has occurred in Germany, which greatly surprised George Peden, managing director of Barrie Knitwear, a subsidiary of Dawson International.

Barrie has managed to find alternative outlets, largely in the Middle East and by pushing extra sales to Japan. Japan is a market where they are all anxious to do well and there have been envious glances at Barrie which has managed to sell cashmere underwear to the Japanese, which must be the ultimate in luxury.

"At one time," Mr Peden says, "I was the only person from Hawick selling in Japan. But now I fall over my colleagues there. They will all be on the British Knitting Export Council's promotion there."

To counter the turn-down in trade the companies have had to look for other markets. "When Europe got difficult we had a huge drive in the U.S.," says Mr William McEwan, managing director of Pringle, another Dawson subsidiary and the largest employer in Hawick with a staff of 1,400.

"We also looked to Japan and found another market in Europe in Spain. But what has really pleased us has been our participation in the British Village at the World Showcase project attached to Disneyland at Orlando in Florida. There we are selling pullovers, skirts, tams and tartans worth $6,000 a day, seven days a week."

Pringle took a gamble going into the project, but it has paid off. The shop's turnover is now not only the best from the small British Village —the others are Royal Doulton, Twinings Tea and a pub run by Bass Charrington and Guinness —but it has just become the number one shop in all the villages, knocking a store selling German biscuits off the top spot.

If the recession is the most obvious and immediate problem facing Hawick there is a deeper and potentially much more serious one. Hawick is in danger of failing to see, and adapt to, changing trends in knitwear.

Hawick's great strength, especially over the last 40 years, has been built on the classic, fitted garment—the V-neck and round-neck, tightly fitted pullover in plain, simple colours. But in the last few years the world has come to want something else; it has wanted loose-fitting garments made in bright colours and styles. And Hawick has not changed its management outlook sufficiently to cater for the new market nor put in the machinery necessary to produce the new styles at economic prices.

The change in style originated in the mid-1970s with the film of Scott Fitzgerald's book *The Great Gatsby* which featured pullovers with diamond-shaped patterns on the front. The trade thought this was a passing phase but has been amazed to find demand for these pullovers, and others with intricate patterns, known as intarsia, remaining strong. The plain pullover appears to have had its day with the younger generation.

Barrie was sufficiently aware of the change to take a display to Italy to show the Italians, the undisputed leaders in the fashion world, that Hawick could design with the best. But the undisputed leader in Hawick of the move away from the classic look is Pringle.

Mr McEwan's showroom is full of brightly coloured and strikingly designed garments. Ironically, he himself wears a sober, sleeveless pullover in a wine colour. It is the only garment in his showrooms with such a conservative design.

"We have seen the Hawick classic decline in the last few years. Intarsias are now the thing. A third of our garments have patterned fronts and we produce 38,000 a week. The multicoloured and striped garments are what people want but many people in Hawick have not seen this.

"They don't have the equipment to turn out these goods even if they wanted to produce them. We bought seven machines from Germany and have another two on order so we are in the right position to meet the demand. It was because of these new styles of ours that we have managed to do so well."

Hawick needs to be thinking of the future because foreign competition is becoming increasingly severe. "The Italians have been there for years," Mr McEwan says, "and we can cope with them because, although they have a flair for fashion, their quality cannot compare with ours.

"But the Japanese are advancing so rapidly it is frightening. They have good variety, excellent machinery and a lot of cheap raw material. They work hard and know that brand names are the thing of the future. We shall have to watch them very carefully."

In one respect, Hawick is still ahead of the times. It is aware that wool, though a marvellous fibre, has limitations. Shoppers do not think it is suitable when the weather is warm and prefer cotton goods for summer.

Many of the leading names in Hawick are now producing a range of cotton goods for summer wear. "It is the way to stay ahead," according to Mr Leithead. "Cotton is going to become increasingly important to us."

A surprising forecast to come from one of the world's leading wool towns.

Changing fashions: classic Hawick style and the new look

APPOINTMENTS

Senior post at Amos Hinton

Mr Mervyn Gibson has been appointed to the board of AMOS HINTON AND SONS, the North-East supermarket group. As deputy managing director he will be responsible for the company's management information services, and distribution services.

★

Mr John Philip de Blocq van Kuffeler has been appointed a director of BROWN SHIPLEY AND CO. Mr Timothy Roger Bacon becomes a manager and Mr Dominic Anthony Paul Crawley a deputy manager.

★

PENNINE COMMERCIAL HOLDINGS has re-organised its board. Mr G. A. Tankard has resigned as chairman but remains a non-executive director. Mr K. A. Jones has stepped down as managing director, but remains as an executive director; and Mr E. W. A. Horley has resigned from the board. Mr David W. Duguid, has become a director and chairman. Mr Temple D. M. Melville has become group managing director. Mr Peter S. Jones, has joined the board as a non-executive director. Mr Graham Thomas Dale, formerly group general manager, has been appointed company secretary.

★

Mr F. J. Grogan, a director of J. R. CROMPTON and general manager and resident director of its Lydney mill, relinquished his post as general manager of the mill on January 1. He is succeeded by Dr Keith Rixon, formerly assistant general manager. Mr Grogan remains resident director at Lydney, but will assume joint responsibility with another main board director, Mr J. L. Martin, for the development of new long-fibre paper products and for the development of machinery and machinery technology. Mr Jack Daynes, formerly company secretary joins the main board as financial director.

★

Mr Iain Macleod has been appointed a director of R. P. MARTIN STERLING and Mr Andrew Manston has been appointed a director of R. P. MARTIN EXCHANGE. Mr Christopher King has been appointed manager of the Swiss section of R. P. MARTIN DEPOSITS.

★

Mr Anthony V. Eland has been appointed assistant director of CLOSE BROTHERS. He was previously with Nordic Bank as UK regional manager.

★

Mr James F. Varey has joined PREMIER CONSOLIDATED OILFIELDS as company secretary and executive officer. For the past three years he has been executive secretary of the United Kingdom Offshore Operators Association.

★

SEASCOPE has acquired the majority shareholding in Equiscope Insurance Services, which specialises in bloodstock insurance. The board of this company is now Mr D. P. d'Ambrumenil—chairman, Mr C. B. Slatter—managing director, Mr P. H. Chisholm and Mr T. T. Tobin.

★

H. B. Berridge and Partners, Chelmsford, has changed its name to BERRIDGE ENVIRONMENTAL LABORATORIES LIMITED. Mr Hugh B. Berridge, founder of the partnership, will become chairman. Mr John C. Marshall has been appointed managing director.

★

Mr Walter Goldsmith, director general of the Institute of Directors, has been appointed the first president of the INSTITUTE OF WORD PROCESSING. The Institute, which has been set up to "promote, develop and uphold professional standards in word processing," will hold its inaugural meeting at the Institute of Directors on February 9. It already has some 50 members drawn together under the stewardship of the five founder fellows and aims to represent employees, employers, users and manufacturers in the word processing industry.

★

Mr W. H. Morris has been appointed managing director and Mr N. Hudson secretary and accountant of SAMPO INSURANCE COMPANY UK.

★

Mr Ralph Pierce, managing director of R. K. Harrison (Jersey), has been appointed an assistant director of the parent company R. K. HARRISON AND CO.

★

LLOYD'S MOTOR UNDERWRITERS' ASSOCIATION has elected the following to serve on the committee this year: Mr D. M. W. Farley, chairman; Mr P. W. G. Suttie, deputy chairman, Mr G. A. Kett; Mr R. F. Limage; Mr A. S. Mandeville; Mr D. P. Randall; Mr K. J. Sharpe; Mr J. H. Taylor; Mr M. J. Temple; Mr C. E. White.

★

PERGAMON INFOLINE has appointed Mr Graham Jones as managing director, Mr Patrick Gibbins as deputy managing director, and Ms Betty Davis as marketing director. Mr Jones was most recently managing director of Derwent Publications. Mr Gibbins will still be responsible for InfoLine system operations in addition to his responsibilities as deputy managing director. Ms Davis becomes InfoLine marketing director, with responsibilities for co-ordinating InfoLine North America and European online marketing activities, working from the Washington offices.

★

THE CONSULTATIVE COMMITTEE OF ACCOUNTANCY BODIES has appointed Mr James McKinnon vice-chairman of the accounting standards committee. Mr McKinnon is the finance director of Imperial Group.

★

Mr Ramón Artigas has become manager of BANCO EXTERIOR —UK on Mr Angel Cabo's return to Madrid to take up a senior appointment in BANCO EXTERIOR DE ESPANA.

★

Mr Anthony B. Greayer has joined HOARE GOVETT as a principal and head of the international department.

★

At CELCON Mr R. W. Thomason, general sales manager, has been appointed sales director. Mr A. H. D. Hagger, sales director, has been made marketing director. Mr W. R. Thomas, general works manager, is appointed production director.

★

Dr C. M. Thomas has been appointed to the board of BENJAMIN PRIEST GROUP. He joined the group in 1980 and is currently chairman of two subsidiaries, Warne Wright Engineering and Precision Abrasives.

★

Mr Bruce Henry Donald has been appointed managing director of DATADAY. He was managing director of Estate Printers, Pontypridd.

★

Lord Plummer of St Marylebone has been appointed chairman of the PORTMAN BUILDING SOCIETY. He has been vice-chairman since April 1979. He is currently deputy chairman of the National Employers Mutual General Insurance Association and was, until recently, chairman of the Horserace Betting Levy Board.

★

Mr O. D. Oliphant has been appointed to the board of CRUSADER INSURANCE in place of Mr E. F. Cutler who has resigned following his appointment as chairman and chief executive of the Fireman's Fund Insurance Company. Mr Oliphant is vice chairman of the Fireman's Fund Insurance Company.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

How Domino spotted that products alone were not enough

BY TIM DICKSON

"PUTTING IT simply I'd like to think that we've been improving the quality of a housewife's shopping basket," comments Graeme Minto, founder and managing director of Domino Printing Sciences.

The connection between supermarket shelves and this Cambridge-based manufacturer of high technology ink jet printing equipment may at first seem somewhat obscure. But the relationship becomes perfectly clear if you realise that Domino's machines are *now* used by a large number of UK and European food processors and packagers to print codes and "sell by" dates on their products.

Hence, argues its 39-year-old boss, the risk of a retailer inadvertently selling flat beer or stale cheese should be considerably lessened.

Recent EEC legislation obliging European food manufacturers to date and batch code goods with a shelf life of under 18 months has opened up exciting new possibilities for a company making the equipment to do just that. It has certainly provided a useful boost for Domino during the present recession.

Domino's success, however, owes much more to sound commercial exploitation of a good idea than the undoubted luck of being in the right place at the right time.

For the current fast growth tack of the company—which was started in his study at home by Minto in 1978—has resulted from growing appreciation by its executives that just because a business has a good product it cannot ignore marketing and financial control.

This philosophy, which in October last year helped Domino win the £50,000 first prize in the Hill Samuel awards marking the merchant bank's 150th anniversary, has involved intensive product development, careful husbandry of the available financial resources to ensure an adequate cash flow, and direct control over sales.

The pay-off has been a trebling of sales in the past couple of years to comfortably over £1m and a growth in the workforce to 50 employees.

Minto—much more the shrewd businessman than the wild-eyed boffin—happily admits that his company was not set up to develop a totally new idea. Ink jet printing—which, unlike traditional methods requires no direct contact with the surface—was pioneered around 100 years ago but only the advent of microprocessors in the last decade has made its use cost effective and practical on a large scale.

Moreover, A. B. Dick of the U.S., the world market leader, had been selling computerised ink jet printing machines well before little Domino arrived on the scene.

The key advantages of ink jet over traditional methods are the ability to print clearly on an uneven surface and to print variable sequences—a series of different numbers, for example—at a high speed. At least one Domino installation, located in Australia, prints codes on cans at a rate of 2,000 per minute. Because of the advances in ink manufacture, ink jet techniques can also work on non-absorbent surfaces.

Minto got the idea for Domino while working for Cambridge Consultants (a subsidiary of the Arthur D. Little consultancy of the U.S.) in the early 1970s. "I was managing an ink jet printing project for ICI and saw the opportunity to develop wider applications which nobody was exploiting in Europe."

It was not until 1978, however, that he decided to take the big jump, remortgaging his house and plunging his own savings into the new venture. Cambridge Consultants, which owns 7½ per cent of the business, provided some patents but also, and more importantly, significant know-how support and design back-up, which continues to this day.

Minto is a bit of a specialist at competitions and gained much of his early confidence by winning the Technical Development Capital (TDC) Innovator Award in 1978, his entry for which was submitted before Domino had even got off the ground.

Much of the first few months were spent developing what is now called the full Unijet—a custom-built product which comes in a cabinet about the size of a fridge and has a large deck of software which controls the flow of ink to up to eight single heads.

Trevor Humphries

L to r: Melita Marshall, Graeme Minto and Max Sisterson: "In a few years' time what we can do now will seem like the steam age"

Orders began to arrive in 1979 but with development costs eating up the available funds new working capital was badly needed. "At the point of maximum exposure," Minto recalls, "we approached the Industrial and Commercial Finance Corporation. We had nothing to show except our management ability and the results of our R and D, which had all been written off."

Flexibility

ICFC was sufficiently interested to put up £100,000 for a 25 per cent stake.

Domino's big breakthrough, however, only came with its second major product—the Unijet Solo, which currently accounts for about 80 per cent of the company's sales.

Solo is much more of a packaged product. It has almost the same capacity and flexibility of its bigger predecessor but it is smaller and significantly less expensive. It has also been specifically targeted at customers which want to use it for dating and coding their products.

"We always realised with the bigger machine that its market potential was limited by the high price," explains Minto. "It was probably too sophisticated for most users so intuitively we decided it would be better to concentrate on a segment of the market.

"Thanks to the combination of a better design and a price that was 30 per cent lower than before, orders started to flow in."

Domino's success owes much to the fact that it was prepared to spend heavily on Solo at a stage when the rewards of earlier product development had not been reaped.

Costs in the six months to the launch of Solo in April 1981 were very heavy but tight financial controls ("We really battened down the hatches") and a certain amount of income from the existing product saw the company through this difficult period, when it was just about breaking even and no more.

Despite the constant pressures, Minto firmly believes that high technology businesses have to spend heavily to keep ahead of the game. R and D, for example, currently eats up around 20 per cent of turnover and there are no plans to reduce this figure.

If keeping in touch with the market place is one lesson which Minto has taken to heart, exercising direct control over his sales team is another. Like most small companies Domino signed deals with distribution companies to sell his product in the early days. "These arrangements did not work out well but I think people should be wary in any case of surrendering control over this function. It is not just a question of making a sale... With your own team, the installation, servicing and back-up work can be done much more easily."

Unlike many entrepreneurs Minto has also been careful to develop a widely based management team at Domino—a particularly important factor given the company's rate of expansion and ambition. Melita Marshall, the marketing director, has been involved right from the outset while Max Sisterton, the finance director, was a *non-executive* director appointed by ICFC until he joined full time in the middle of last year.

"I think we are only scratching the surface at the moment," says Minto, "and in a few years' time what we can do now will seem like the steam age." Besides the food product applications printers and print finishers are increasingly using Domino's machines to address magazines and leaflets, for sequential numbering of lottery tickets, and batch numbering of leaflets for market research analysis. Other applications include the printing of personalised information and coding small electrical and pharmaceutical components including glass and plastic bottles.

"In the past," says Melita Marshall, "we have tended to react to other people's requirements. In future, however, we will be thinking of many more applications ourselves and aim to be much more aggressive on the marketing front. A good mousetrap is not enough."

Loan guarantees up for review

THE first really significant small firms issue to be decided in 1983 will be the future of the Government's Loan Guarantee Scheme.

Ministers are still pondering the results of last year's review of its first 18 months and an announcement that fresh funds are to be made available is expected shortly after Parliament reassembles later in January. The £300m set aside so far for the pilot scheme is likely to be exhausted by the end of February or the beginning of March.

Since being introduced in June 1981 the Loan Guarantee Scheme has generated a fair amount of political controversy — mainly as a result of the anticipated failure rate and the interpretation by banks of how it should operate.

The main purpose of the scheme has been to overcome the difficulties — absence of track record and personal security, for example — which small firms encounter when trying to raise money. With this in mind the scheme provides a Government guarantee for 80 per cent of all qualifying loans up to a maximum of £75,000. Thus, if a business fails the lending institution only picks up 20 per cent of the bad debt.

A total of 30 participants has now been approved to operate the scheme including the "Big Four" high street banks and the Industrial and Commercial Finance Corporation.

The response from small firms has been enormous. Demand has been so strong that the original allocation of £150m — intended to last for three years — was all eaten up in the first 12 months and a further £150m was immediately brought forward. At the last count some £240m had been taken up.

Ministers now have three choices — they can scrap the scheme completely, which politically would be very unpopular; they can put it on a permanent basis; or, more likely, they can extend the present pilot scheme, which in any case was due to run for three years.

Changes in the conditions could well be made following a review of the first 50 failures by accountants Robson Rhodes and two sample telephone surveys by the Department of Industry.

One area of concern (highlighted by Robson Rhodes), for example, is believed to be the way some businessmen have been able to get guaranteed loans without committing much in the way of personal assets to their enterprise. No personal security is required under the scheme — a feature which is one of its chief attractions — but Ministers and bankers are concerned that budding entrepreneurs should not be absolved from all risk. How this is achieved remains a matter of conjecture but bank managers will certainly be told to be more vigilant.

Banks themselves have been criticised for refinancing existing loans and using the scheme for distress lending — abuses which are thought to be much less common now than at the outset. Even so there is talk that the Government may reduce its guarantee to 70 or even 60 per cent of a loan.

Most comment, however, has been directed at the number of businesses thought to be failing under the scheme. Bank estimates vary from 1 in 5 to 1 in 20 and it is already clear that money coming in from the 3 per cent premium which businesses have to pay to the Government will not cover claims made by the lending institutions during the current financial year.

Although there is concern about the rate of failure, the Government nevertheless believes that the scheme is a cost efficient means of creating jobs. (The DOI refuses to be drawn on estimates.) The money set aside, after all, is only a contingent liability and lobbyists seem to be getting the message across that to increase the 3 per cent premium (as has been suggested) would be shortsighted.

T. D.

In brief...

A STUDY which may lead to more small firm marketing co-operatives being set up is being undertaken this year.

Funded by the National Westminster Bank, the project will be carried out on behalf of the London Enterprise Agency (LEntA) by the Economists Advisory Group and will examine why group marketing and marketing co-operatives are so rare in Britain compared with other EEC countries.

"The only industry where small firms have grouped together regularly in the UK is horticulture; growers often combine forces to distribute and market their products," comments LEntA director, Brian Wright.

"There are a number of experimental schemes under way including the Hackney Fashion Centre, the East London Furniture Centre and a number of craft co-operatives. Most UK initiatives, though, are buyer rather than seller led such as those for the independent chemists, grocers and electrical wholesalers."

LEntA hopes the EAG study will lead to firm proposals for action both in the home market and in exports.

•

IT IS a widely held view that companies, in particular smaller ones, stand or fall by the quality of their financial control and marketing.

High inflation and a depressed economy have done much to bring home the lesson of financial prudence, but marketing is still often viewed with suspicion by smaller firms. Generally this is because its purpose is not understood and it is dismissed as an expensive—and unnecessary—luxury.

Any publication that clearly explains the purpose and value of marketing rather than just what it entails is therefore worthy of examination. One such is the recently published "Effective Marketing for the Smaller Business," by Geoffrey Lace, managing editor of Marketing magazine. In a straightforward, case study style introduction, Lace makes it clear that marketing is not just selling, nor is it just advertising. It is identifying a market for a product, ensuring that the product precisely fits that market in specification, presentation, price, terms and other factors.

The book then discusses the elements of the marketing mix, research (the need for it and how to go about it); sales and distribution; advertising and sales promotion; and other key factors such as product development.

Effective Marketing is published by Scope Books, 3, Sandford House, Kingsclere, Newbury, Berkshire. Tel: Kingsclere (0635) 298439. £12.

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ANNOUNCEMENT

THE TRUSTEES OF THE HEDLEY FOUNDATION

have disposed of their interest in White Cross Bay Caravan Park at Windermere, Cumbria for an undisclosed sum to Pontins (Blackpool) Ltd. who has stated that it is their intention to operate the site on a similar basis in the immediate future.
The Joint Sole Agents responsible for the sale were CHARLES F. JONES & SON of Chester and BIDWELLS of Cambridge.

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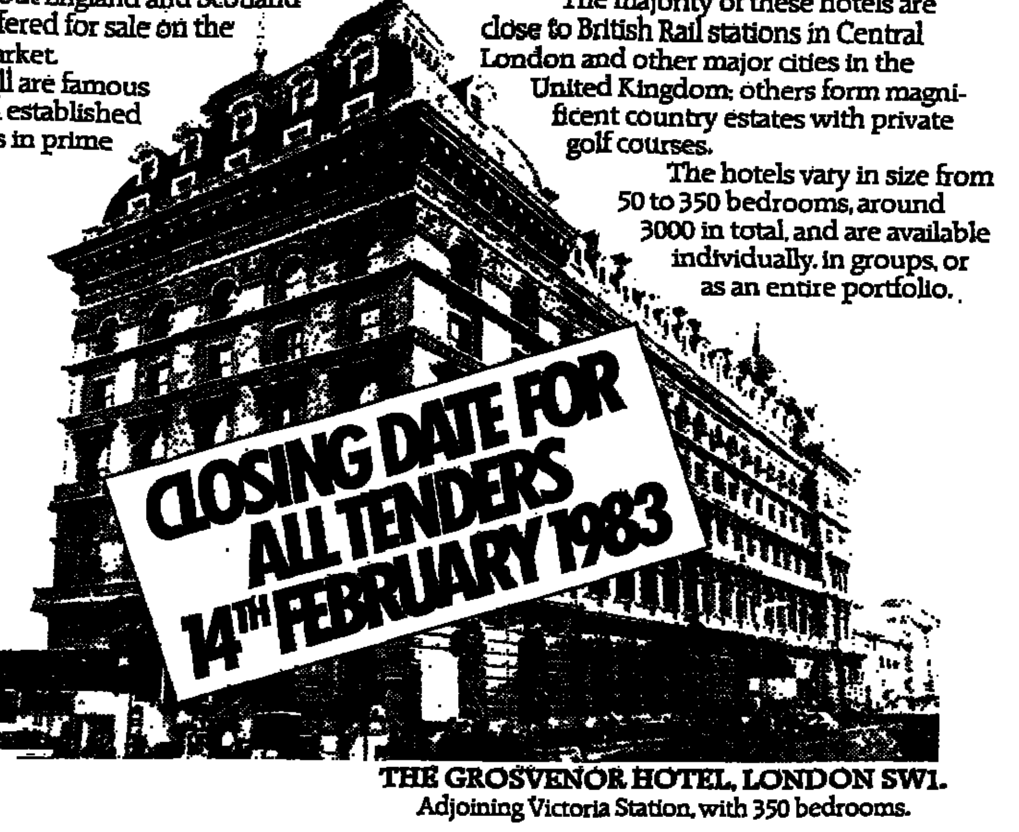

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TECHNOLOGY

EDITED BY ALAN CANE

BBC'S SECOND COURSE FOR COMPUTER NOVICES MARKS:—

A turning point for Acorn

BY ELAINE WILLIAMS

THE BBC started its second major series for computer novices this week. It also marks a turning point for Acorn, the Cambridge-based microcomputer makers which sprang to prominence when the BBC decided to use its computer to teach the public instead of choosing better-known products from companies such as Sinclair or Apple.

The principals behind Acorn though are hardly novices in computing. Mr Chris Curry, joint managing director and co-founder, worked with Clive Sinclair for 12 years. He also set up Science of Cambridge selling the lowest-priced microcomputer then on the market. His partner Hermann Hauser with a PhD in Physics is mainly concerned with the technical expertise within the company.

This year the company intends to enter the U.S. market for the first time, launch three new products by the middle of the year and increase its staffing levels by at least 25 per cent. Now, helped by business from the BBC and schools—it was chosen by the Department of Industry as part of its Microcomputer in Schools project—Acorn's success seems assured.

Entry into the U.S. market is planned for the spring. Acorn has already set up a subsidiary there which will have about 30 employees initially. Also, the company is sponsoring the broadcast of the BBC's first micro series on the Public Broadcast Service which will correspond with the U.S. launch.

A turnover of about £40m is expected by June 1983 with sales of the BBC microcomputer, which is designed and manufactured by Acorn, forecast to reach more than 150,000 units by the end of the year.

Mr Chris Curry, who worked with Clive Sinclair for 12 years, sees sub contracting as a method of providing flexibility

In March, Acorn will launch the Electron. This will be a small personal computer costing about £150. It will compete directly with other manufacturers' machines such as the VIC 20, Sinclair's Spectrum, and have compatible software with the existing BBC microcomputer.

This will be followed by a version of the BBC microcomputer intended for the business market. The third product will be a computer aided design terminal.

Mr Chris Curry, founder and joint managing director of the company, said that the company would continue to form marketing and joint agreements with other companies. It would also continue to sub-contract the manufacture of all its products as "this provides the company with a measure of flexibility."

However, Mr Curry said that all the design and marketing would remain firmly in Acorn's control. Mr Hermann Hauser, Acorn's other founder, commented that the company was strong in four important areas—hardware, software, chip design and local area networks. He said that these were important for any company contemplating a long future in the business.

Acorn is expanding its software team and now has the capacity to design its own chips in-house instead of opting for semi-custom designs on uncommitted logic arrays. This is a powerful tool for the company's development of new products.

The company also hopes to capitalise on its expertise in local area networks, LANs. These are rather like the ring mains in a home which allow different types of electrical equipment to be connected to them. Local area networks link computer equipment in a similar way. Econet, developed by Acorn, has been available for about 18 months and has been sold mainly to schools.

Mr Hauser said that Econet allowed several computers to share a common printer or disk drives which cuts the cost of school computing considerably. It also provided many other useful functions which had applications in business. At present 25 to 30 per cent of its business is involved in the education market but Acorn is keen to expand into other fields.

"We want to convince people that our tenchology has as much depth as anyone else," says Mr Hauser. In fact, about half the company's staff is dedicated to some aspect of design or development.

TERMINAL WITH 28,000 CHINESE CHARACTERS

Taiwan company re-invents Chinese way of writing

BY BOB KING IN TAIPEI

A YOUNG Taiwanese computer company has developed a computer terminal which can generate up to 28,000 Chinese characters in addition to the standard western alphanumeric set.

Disco Electronic Corp supplies an English-language version of the terminal to Hazeltine Corp of the U.S. on an exclusive basis. Sales of the terminals in terms of free-on-board value have topped $10m in 18 months.

Disco calls its new terminal "Chang Jye" after the legendary character credited with the invention of Chinese writing thousands of years ago.

The system the terminal uses to generate the characters might itself be considered a re-invention of writing Chinese, since it uses methods the original inventor might consider heretical.

The "Chang Jye" uses a standard ASCII keyboard with 26 symbols, or "letters" of a Chinese "alphabet," imprinted on them along with the Western A-to-Z set.

Developed over eight years by Taiwanese inventor Chu Bang-Fu, the symbols allow for the generation of thousands of characters when the user follows simple top-to-bottom, left-to-right procedures for in-putting the components of a complex character.

Other attempts at computerising Chinese have resulted in large keyboards containing hundreds of keys and key subsets. Systems such as the large keyboard require significant memorisation of character location and are best used by a specially-trained operator.

Wang Computer opted for a keyboard on which the phonetic equivalent of the character being input is spelled out, and other manufacturers here have taken ingenious approaches to the devilish process of computerising Chinese.

But it is Mr Chu's system that seems to have caught the attention of the Taiwanese. It was first incorporated in the "dragon" terminal and the "microprofessor II" home computer developed by local microprocessor specialist Multitech Inc., and it is now available on $200 boards that plug into Apple II home computers.

Disco officials say their terminal offers significant advantages over the Multitech terminal. First, it sells in Taiwan for roughly $2,500, compared with nearly $4,500 for the Multitech machine. Second, they claim the Chang Jye uses Mr Chu's second-generation system, allowing more characters to be generated. Third, they say the terminal can be easily modified to accept Mr Chu's third generation, which will generate 36,000 characters.

According to David Wang, Disco's managing director, the Disco machine will hook directly to all major computers at present except those made by IBM, Wang, and Texas Instruments. Further research and development will be needed before those important exceptions become compatible with the "Chang Jye."

The free-on-board price of the device will be about $1,650, compared with $895 suggested retail price for the English-language version Hazeltine sells as the "Esprit III."

In the U.S., Disco's total capacity is about 5,000 terminals a month, including both English and Chinese versions. The company expects to sell about 50 Chinese terminals a month this year, mostly on the local market. It sold its 16 demonstration models exhibited at a Taiwan computer show last month in two days, Mr Wang said.

Disco is an offshoot of a major supplier for Nike Shoes here in Taiwan. The affiliate produces $24m in running shoes for Nike each year, and its average $2.4m in annual profits help underwrite Disco's computer research and development.

Saving 60% on textile costs

Italy beats the temperature dye

BY ANTHONY MORETON

FOR years one of the main problems of using nylon as a carpet pile yarn has been the difficulty in dyeing it. To do it successfully has demanded high temperatures and even high pressures, adding considerably to the cost.

Snia Fibre, the Italian producer, has now come up with a method of piece-dyeing nylon which it claims can save up to 60 per cent of the dyeing costs.

The clue lies in the method: Snia Fibre claims that its process can dye nylon at temperatures not above 40deg C and in some cases even in cold water.

The company says there are two other advantages: higher production and an improvement in the appearance of the final carpet pile. Because virtually no heat is used the pile is completely unaffected by dyeing, whereas at higher temperatures there is a constant danger of pile distortion and even flattening.

Snia Fibre has applied for patents to protect the method of its new type of low-temperature dyeing Lilion nylon staple.

According to the company it originally developed an advanced method by which dyeing could be undertaken at temperatures down to 60deg C and it sees the success in bringing temperatures down as a major advance in technique.

Snia also claims that when making carpets with the rapid-dye method there is an improved colour yield, improved softness and bulk in the pile while these faults normally attributable to higher temperature processing are avoided.

Underground rail track work

Ballast packing without the gangs

MINERS WILL know what a tiring, arduous job is involved in ballast packing for underground rail track. It has usually involved gangs of workers but now Gullick Dobson of Wigan has designed a self-propelled vehicle, claimed to be the first of its kind; the prototype is completing tests by the National Coal Board at Swadlincote.

The hydraulic ballast packing equipment is designed to grip the track, lift it to the required height for correct vertical alignment, while an independent lifting operation provides transverse alignment and a slewing mechanism offers longitudinal alignment.

The vehicle has eight independent tines which can then penetrate the ballast to the required depth and close inwards to pack the ballast beneath the sleepers.

The company says that penetration up to 277 mm below rail height can be achieved. Each individual tine bank has a penetrating force up to 4.8 tonnes and a closing force up to 3.8 tonnes.

The ballast machine weighs about 7.5 tonnes, has a lifting capacity of 12 tonnes and a vertical lift of 500 mm. Slewing capability is up to 150 mm either side of the track line.

The unit is equipped with driving cabs at each end and powered by a 38.8 hp flameproof diesel engine. Gullick Dobson is at P.O. Box 12, Ince, Wigan, Greater Manchester (0942 41991).

MAX COMMANDER

Conductors

Organic materials

ELECTRICALLY conducting or semiconducting organic materials are likely to be more widely used in future because they are often lighter and easier to fabricate than the currently used inorganic materials and can sometimes do things that the conventional materials cannot.

Sensing this, Technical Insights of P.O. Box 1304, Fort Lee, NJ 07024, U.S.A., has compiled a new technical study called "Organic Conductors," which brings the whole subject up to date in 140 pages.

The report lists just what these materials are, forecasts their prospects and indicates the opportunities.

Apart from dealing with the technicalities, the study gives a rundown on which markets are most likely to be penetrated by organic conductors, their size, and when penetration is likely.

Robotics

Range on hire

AUGHTON Microsystems of Kirkby is offering a range of robots and automated work cells on hire—a development which the company believes is a new development in the UK instrument hire business.

The robots, which come in three sizes, are manufactured by Systems Control of Thornaby, Cleveland, are known as "Smart-Arms" and can be fitted with a range of gripper systems.

The work units—"Smart-Cells" are capable of standing alone, or can be linked to other matchines by means of a supervisory computer.

More from Aughton on 051-548 6060.

THE ARTS

Our debt to Craig

Roy Strong reviews the work of Edward Gordon Craig who "had only one thing to say and he had said it by 1914"

My earliest awareness of the work of Edward Gordon Craig came in the aftermath of the Second World War in the re-opened Victoria and Albert Museum. The theatre models then, I remember, meandered up and along a staircase.

There were two models by Craig for his famous production of *Hamlet* under the aegis of Constantin Stanislavsky at the Moscow Arts Theatre in 1912. The scenery consisted of huge screens before which were placed angular blocks to sit or stand upon.

I regret to say I found them deeply unappealing. How could they be otherwise, placed as they were cheek by jowl with Oliver Messel's romantic all-white set for the bedroom scene in *La Belle Hélène* or the stylish economy of Claude Lovat Fraser's set for *The Beggar's Opera*.

Craig seemed to epitomise to me an austerity which in those years was all too familiar. His work seemed to deny to a young person what he most craved for, to be swept away to a fantastic and romantic other world as soon as the curtain arose.

Yet 30 years on Craig's basic approach and format has become a cliché in design terms in the work of both our national companies. Craig himself, in an article on his "new stagecraft movement" in his magazine *The Mask* in 1925, predicted that his vision would materialise as fact in the years spanning 1960 to 2000. How right he was.

The exhibition, which is at the Gillian Jason Gallery, Inverness Street, NW1, until January 20, and at the National Theatre from January 31 to March 5, establishes Craig above all as a prolific but uneven draughtsman. He never had any formal art school training which in those days would have been spent drawing from the antique and the nude model. The result of this, oddly enough, considering that he went in for stage design, it that in the main he remained a two dimensional artist.

This is hardly surprising for his style springs out of the books illustrated by Walter Crance which were in his nursery and the other illustrations of the 1880s and 1890s. The result is that he is a chameleon working in watered-down versions of other people's styles: Nicholson, Ricketts and Shannon with a touch of Beardsley. The woodcuts of Irving in *The Lyons Mail* and Ellen Terry as Ophelia are feeble essays in the Nicholson manner. A bouquet of flowers inscribed "Mother. February 27, 1889" could have been executed by any amateur lady watercolourist.

The exhibition includes a mass of sketches and woodcuts for actual and imaginary theatrical productions. They too echo a myriad of sources. The most striking set-piece is a group of 15 cut-out marionette figures for Greek dramas made between about 1907 and 1914. It is difficult to think that these cannot owe a profound debt to Flaxman's illustrations to Homer.

A drawing for *The First Court Scene* in the famous *Hamlet* shows the king and queen enthroned before their court in a tableau reminiscent of one of the history paintings in the Houses of Parliament. These references make his theatre less revolutionary than he thought. Time and again his massing of figures against vast walls of architecture lit by shafts of light recall the paintings of John Martin. In some of his sets he is not so far from the classical dream world of Alma Tadema and Lord Leighton as he would have wished.

As one looked at these designs and projects I was reminded of a series for *Die Zauberflote* by Kokoscha. Wonderful impressionistic sketches of a visionary production for the Royal Opera House, never produced because there was technically no way that the workshop could materialise it. There is no doubt as to the integrity of Craig, his desire to sweep away the old Victorian scenic illusion of the Irving-Tree tradition, but one is left with every doubt as to his practical ability to do it.

His designs remain illustrations, which is how most of them ended up. They are not the work of a practical person in the theatre. They are rather flashes in the mind of a visionary.

Inevitably any consideration of Craig calls to mind his friend and contemporary, Adolphe Appia. He began work earlier than Craig and was a powerful influence on him. Appia was also a better designer and draughtsman. His visual roots were slightly different from those of Craig; neo-classicism, the German romantic painters and the French Symbolists.

The result is far from the fundamentally freize-like effect of Craig. The sets are conceived in three dimensions, in terms of recession in the form of flights of steps and blocks of stone.

In them, rather than in Craig's work, one can sense the real roots of everything which we take for granted in the theatre of our own time: the use of light to replace painted effect, the movement of bodies against abstract shapes, the ultimate belief that the designer should be a trigger to the visual fantasy of the mind evoked by the words and not a substitute for it.

'Hut': an illustration for Robinson Crusoe

Longevity — he died at 94 — was no assistance to Craig. He was prolific as an author (under many names), illustrator and designer. This, of course, would have been an advantage to an artist who had a great deal to say and a talent to match it. Craig *au fond* had only one thing to say and he had said it by 1914. The vast out-pouring of written and visual material which went on for decades sadly emphasises the thinness, facility and downright monotony of his work.

The wood engravings in no way match up to those of an Eric Gill or a Reynolds Stone. Nonetheless the exhibition pin-points our debt to Craig for that one idea, the release of the theatre from its Victorian stright-jacket and his prediction of the director's theatre of our own day in which light, movement, scenery, sound and words are orchestrated by a single presiding genius. Craig's tragedy lay in his failure to be that genius.

Boris Christoff/Covent Garden

Andrew Clements

Mr Christoff last sang Boris Godunov at the Royal Opera House in 1974 and last appeared there in 1979, as Philip II in *Don Carlos*. His return on Sunday evening for a celebrity concert was enthusiastically and warmly greeted. Such a magnificent voice and stage presence could have been fobbed off with the piano accompaniment usual for such evenings at Covent Garden; the Opera House Orchestra turned out for the occasion, elevated from pit to stage and conducted by James Conlon.

A concert programme to cover Christoff's operatic career would almost choose itself; it would have to include Verdi, Musorgsky and Glinka. All three were represented here. The concert ended (there were no encores) with the Forest Scene and death of Susanin from *A Life for the Tsar*, and there was a Verdi selection—from *Attila* and *Macbeth*, prefaced by the overture to *La forza del destino*. But the Musorgsky, alas, was purely orchestral: three interludes from *Khovanshchina*, sounding rather plain and unmagical when delivered at above ear level. (The ROH stage plays strange tricks on an orchestra; from the left side of the stalls second violins were emphasised over firsts, oboes over flutes.)

Mr Christoff began carefully. He was restrained in "Ave, deh, per pieta" from *Giulio Cesare* and Agamemnon's recitative and aria from *Iphigenie en Aulide*, though there was ample evidence even here that the voice was wonderfully preserved for a singer who will be 65 this year, solid and perfectly focused. Dramatic skills were held in reserve for Verdi. "Mentre gonfiarsi l'anima" from *Attila* was still unflamboyant, so that one began to wonder if these performances had been sanitised for the concert hall, as if fierce intensity would be out of place without the trappings of costume and sets.

Yet Banquo's aria from *Macbeth* raised the temperature: the final outburst of "Oh tradimento!" carried real believable passion for the first time, and paved the way for the Glinka scenes in the second half. Here the years were rolled back; the aria was sung with warmth and radiance, the finale was propelled to its climax by ever more impassioned singing. The characterisation was quite magnetic again; it was right not to yield to any encores, the image was already vivid enough.

Elisabeth Leonskaja/Elizabeth Hall

David Murray

Having heard this splendid artist play Brahms and Liszt at the last Edinburgh Festival, I should have liked to hear her in other parts of the repertoire—but her all-Brahms recital on Sunday afternoon (poorly attended) put thoughts of any other composer out of one's head. She played the second Sonata and (as at Edinburgh) the third, respectively in F-sharp minor and F minor, and between them four of the op. 116 Fantasies. Her sympathetic identification with the composer is uncanny—as if her technical mastery and musicianship were not enough—and it permits her a breadth of persuasive rubato which is essential for those sonatas (especially the stop-go Second) but greatly risky for most pianists.

She lavished a magnificent range of colour on the music, always to lucid purpose, from black aggressive splendour to a fragile, haunted pianissimo that sounded as lovely in the hall as the dewy tone Jorge Bolet draws from his Bechstein (Miss Leonskaja played a Steinway). Everything carried; she is a superbly communicative performer. Grand passages had the crunch of absolute conviction, while simple lyrical lines floated—gorgeously over-pedalled by common standards—in a silvery haze, most memorably in both slow movements and in her inspired account of the E major Intermezzo from op. 116. The great spread chords and the chains of feathery trills in the F-sharp minor Finale were inimitably done.

In the F minor Sonata her towering brio in the Scherzo was as spectacular as it had been in Edinburgh; the Intermezzo had a still deeper resonance. Again like Bolet, Miss Leonskaja has a refined appreciation of all the distinct registers of her instrument, which made her performances of both sonatas triumphant vindications of them as piano-music, not just black-and-white symphonies. The Fantasies were no less full of imaginative touches — perhaps the synopations of the first and last Capriccios were too much concealed, but there was no room for other quibbles. Now we must hear what else Miss Leonskaja can play.

Way down yonder in Paris-sur-Seine

Kevin Henriques tours the Paris jazz clubs with surprising results

For jazz enthusiasts of a certain age Paris evokes special, warm, nostalgic feelings. The first serious post-war re-awakening of jazz in Europe was stimulated in France early in 1948 by the appearance in Paris of Dizzy Gillespie's big band, then later that year by the festival in Nice. Subsequently there sprung up in the French capital the through-the-night clubs: the famed Blue Note, for long the home of Bud Powell and where Lester Young played his final gig; Le Chat qui Pêche; the Cameleon; the Vieux Columbier, the Club St Germain, the Trois Mailletz, the Mars Club and many more. For jazz aficionados it was a buzzing metropolis whose image was sullied only by that ghastly, out-of-focus Hollywood view of the scene, "Paris Blues."

Most of the above named places have disappeared but, as I re-discovered recently, Paris still offers a satisfying, if not exactly *gastronomique*, menu of live jazz.

Coincidentally — and most surprisingly—appearing at one of the city's newer jazz locations, **Le Petit Opportun** (15 rue des Lavandières Ste. Opportune, 1er) was "le grand saxophoniste anglais," Tony Coe. Though British musicians certainly obtain more work in Paris than their French counterparts do in London—Lol Coxhill, John Surman and Elton Dean were other Britishers there during December—it is almost unheard of for someone this side of the Channel to be the headline attraction for a week. In addition Coe had a formidable local accompanying trio comprising Frenchman George Arvanitas (piano) and Pierre Michelot (bass) plus longtime American in Paris Al Levitt on drums.

Coe on tenor, soprano and wooden clarinet was the most satisfying solo musician I heard during my visit but then he *is* a world-class player. On his final night he was in commanding form, clearly impressing the attentive audience. He also made a laudable effort to announce in adequate, if imperfect, French doing far more in this respect than the local musicians who seem deplorably indifferent towards audiences.

Never more so than in the larger premises where dancers are catered for. In the **Caveau de la Huchette** (5 rue de la Huchette, 5e), one of the city's longest established jazz spots, a sextet co-led by trumpeter Pierre Sellin and trombonist Benny Vasseur aimed their programme at the mainly youthful audience who needed no encouragement to prance and sometimes even dance on the stone floor. Almost all the tunes were immediately recognisable standards and the lights were considerately dimmed for the smoochy ones. No announcements were made, no musicians identified.

Similar off-hand treatment towards customers is handed out at another long-standing rendezvous, the **Slow Club** (130 rue Rivoli, 1er). Here René Franc, one of the huge array of French soprano-saxists/clarinettists (Sidney Bechet's influence was truly considerable) led a typically European-sounding traditional jazz band. Franc is a flamboyant player, displays little subtlety, likes the upper reaches of his instrument yet undoubtedly swings.

At a different type of venue, the **Furstemberg** (25 rue de Buci, 6e), one of France's best-known pianists, André Persiany, also adopts a disdainful attitude towards the all-sitting, but admittedly not all-listening, clientele as he plays, with bass and drums, in this atmospheric, comfortably appointed downstairs saloon.

Persiany has, for years, unashamedly emulated the locked-hands style of the late Milt Buckner. However Buckner's ghost now seems to have taken over Persiany so comprehensively that at first (and even second) glance he even looks like the cherubic fat man

One *vedette* who does deign to make contact with his listeners is the almost incomparable Benny Waters, another American exile in Paris. In a cramped but friendly ambience at **Le Petit Journal** (71 bd. St-Michel, 5e) the effervescent Waters, on saxes and clarinet, played a variety of styles and tempos in an entertaining three sets with all the enthusiasm of someone trying to make a name for himself rather than a much-loved veteran who first recorded in the 1920s.

Accompanying him was a bass/drums/two guitars group led by the most impressive young French jazzman I heard, Patrick Saussois, a left-handed guitarist possessing much inventiveness and swing. His group evoked the highly rhythmic Quintet of the Hot Club of France.

Rhythm of a different mode characterised the seven-piece InterAmerican Latin Jazz Ensemble at **La Chapelle des Lombards** (19 rue de Lappe, 11e). This band specialises in energetic, throbbing jazz-salsa. Led by Argentinian Jorge Dalto on acoustic and electric piano it inflects its music with the ethnic influences of the various nationalities represented within it including Brazil, Cuba and Puerto Rico. The rhythmic excitement is immense but as the only front-line solo instrumentalist is a flautist the Ensemble sounds lop-sided and eventually becomes monotonous.

Jazz of a totally opposite sort—pedantic purists might prefer to call it improvised music—was presented at the **Dunois** (28 rue du Dunois, 13e) by two more Americans living in Paris. As part of a post-Christmas series of concerts titled **Carte Blanche carte Neige à Steve Lacy**, the eponymous soprano-saxist duetted with another soprano-saxist Steve Potts who, mercifully, also plays alto-sax.

To retain listener interest with such meagre tonal variety for almost two hours demands huge musical resources and mostly the two sets took the form of explorations of the instruments and the exchange of ideas and phrases. There were the inevitable screeching passages and at times Lacy and Potts wandered about the premises as if testing the acoustics. It must be reported that the serious-miened initiates seemed amply satisfied.

Apart from the widely advertised jazz venues Paris never fails to surprise. For instance it was a delight to find in an unpretentious, not hugely expensive restaurant specialising in New Orleans food, **La Louisiane** (176 rue Montmartre, 2e), the duo of Bob Vatel on piano and Michael Silva on drums.

Vatel, a genial veteran with a classical background, specialises in Fats Waller/Earl Hines stylings. He plays a Japanese Kawai which, during the intervals, miraculously turns out to be one of those old-fangled automatic pianos. Drummer Silva, remembered in London for his spectacular association some 20 years ago with Sammy Davis Jnr at the Prince of Wales, provides impressive accompaniment liberally embellished with aspects of "le show" which the French find so captivating.

Arts news in brief

Alive to it all is a new Arts Council touring exhibition which began its tour at Rochdale Art Gallery last week. It includes works by Klee, Miró, Roger Hilton, and 10 other artists. After Rochdale, the exhibition will be seen at the Serpentine Gallery, London, and in Hull, Plymouth and Sheffield.

*

The Arts Council is to award a bursary of £5,300 to the Steelband Association of Great Britain to enable a band leader, to train as a steel pan tuner in the West Indies for six months.

He is Geddes Yates of Chorlton-cum-Hardy Manchester, whose band, says the Arts Council in a statement, has a reputation for very high-technical skills and musicianship, and has recorded locally and nationally.

The council adds its hopes the training will enable Mr Yates to work as a pan tuner in the north-west, especially Manchester, where there are a large number of steel bands but few skilled pan tuners. Chosen from a final short-list of three, he leaves for Arima, Trinidad, on January 15.

*

The Arts Council has organised a touring exhibition of five outstanding paintings from the Tate Gallery's modern collections. *Five Modern Paintings from the Tate Gallery* will begin its tour at Nottingham Castle Museum on January 29 and will later be seen in Barnsley, Hull, and Bolton.

The paintings include Salvador Dali's *Metamorphosis of Narcissus*. The other pictures are Bonnard's *Bowl of Milk*, George Grosz's *Suicide*, Picasso's *Goat Skull, Bottle and Candle*, and Jasper Johns' *Dancers on a Plane*.

Ring Round the Moon/Royal Exchange, Manchester

Michael Coveney

Christopher Fry described his 1950 version of Anouilh's *L'Invitation au Château* as a charade with music, and Steven Pimlott's revival, which opened at the Royal Exchange, Manchester, just before Christmas but runs until the end of this month, is a valiant attempt to conjure those qualities of deft strangeness and moonlit improvisation the piece demands. Some rather dud casting threatens the enterprise, but the spatial characteristics and interesting echo of this arena are competently exploited.

It is possible now to see the play as an antecedent of Ingmar Bergman's 1957 film *Smiles of a Summer Night*. The gathering in a great spooky château, the wheelchair-bound figure of Madame Desmermortes (authoritatively played here by Sheila Ballantine) are obvious similarities. But Anouilh's central fascination is with the confused identities of the twin brothers Hugo and Frederic.

Played by the same actor, the idea is to toy with the fickle nature of the affection each commands from his supposed loved one. There is an awful lot for the subtle actor to fill in here (Paul Scofield played the roles in 1950). Rupert Frazer is sleek, charming and clipped of voice in a rather disconcertingly English upper middle-class manner. What eludes him is a sense of elusiveness, the crack in the voice, the repressed emotion.

This is a general fault in the production. Frederic's Isabelle is played by an attractive but technically underdeveloped new actress, Natalie Slater. She comes across as stupid and mostly inaudible, although possessed of a spectacular upper torso. Miss Slater's shoulder blades are the most eloquent at this address since Tessa Dahl's. (You notice this sort of thing "in the round.") The show plumbs its depths in that remarkable scene where Isabelle assists the wealthy financier Messerchmann's (Harry Landis) wanton destruction of hundreds of bank notes.

More incisive performances come from Emma Watson, who reminds me of Rosemary McHale, as Messerschmann's daughter, and from Rosalind Knight and Christopher Good as the fantasticated but earth-bound romantic alternative to all this mooning around the ring. This couple's playing of an entire scene as the Mexican tango that announces it, is a bright production idea which almost works if you don't mind not concentrating on a few pages of Fry's text. I don't mind, really, on not concentrating on almost everything Christopher Fry has ever written.

The play is a gift to an imaginative designer. David Feilding provides a floor of blue mosaics, a tomb-shaped fish pond, a cobwebbed canopy studded with glittering chandeliers, a few classical statues and a spiral staircase. It all looks very fine, as do the splendid costumes of Michael Stennett.

Babes in the Wood

Malcolm Rutherford

Two productions of *Babes in the Wood*—one at the Ashcroft Croydon, the other at the Churchill Bromley—provide an opportunity for the old exercise: compare and contrast.

First, what they have in common. Blue jokes are out. The nearest was an apparent ad-lib at Croydon when the Sheriff of Nottingham told one of the robbers not to kiss the guard: "He's getting to like it." Whereupon the cast dissolved in laughter.

Star turns are out, too. There are plenty of big names—Richard Briers at Croydon and Reg Dixon at Bromley, both playing the Nurse—but they plainly belong to a company, not a variety show.

Surely by accident, a few silly jokes overlap. For example, variants on "What comes after Felixstowe?" The answer is something like Felix's foot.

Both shows draw heavily on old musical favourites, such as Gilbert and Sullivan and *Call me Madam*. With resources like that to draw on, who could completely fail?

The contrast is in the treatment of the story and of the characters. Nicholas Parsons at Croydon is a much more arch sheriff than Alan Brown, his counterpart at Bromley. Arthur English at Croydon has a real part in Friar Tuck and, if anything, too few lines. At Bromley the star of the Merry Men is Mike Fields as Will Scarlett, complaining that outlaws are allowed too little time for women, a dig perhaps at Robin Hood. Maid Marian's easy movements between the castle and the forest are never explained in either production.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 7–13

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: The week starts with Puccini's Das Mädchen Aus Dem Goldenen Westen produced by Frank Corsaro conducted by Guiseppe Sinopoli. It brings together Kaja Borris and Franco Bonisolli. Lucia di Lammermoor has fine interpretations by Christina Deutekom and Bengt Rundgren conducted by Gianfranco Masini. Tosca has Pilar Lorengar excelling in the title role. (34 381)

Hamburg Staatsoper: Carmen, conducted by Christoph von Dohnanyi, benefits from a fine performance of Stefania Toczyska in the title role. Eugen Onegin gained many compliments for Judith Beckmann in the part of Tatjana. Bernd Weikl triumphs in the title role. (351 151)

Cologne Opera: This week's highlight is Der Freischütz with outstanding Siegfried Jerusalem as Max and Edda Moser as Agathe. Die Fledermaus is a fresh and delightful revival. (20 761)

Frankfurt Opera: Michael Gielen conducts The Magic Flute with Elfie Hobarth and Heinz Hagenau in the main parts, Volkmar Olbrich is making his debut as conductor of Der Türke in Italien. Un Ballo in Maschera, featuring Rosalind Plowright and Juan Lloveras in the leading roles, is a more impressive production than usual. Die Entführung aus dem Serail stars Sarah Arneson as Konstanze and Gerolf Scheder as Osmin. (25 621)

Munich Bayerische Staatsoper: Die Fledermaus, an Otto Schenk production, is well cast with Bernd Weikl and Daphne Evangelatos. Der Fliegende Holländer, a production by Herbert Wernicke, which has had a mixed reception from the critics, has Catarina Ligendza as Senta and Franz Ferdinand Nentwig in the title role. Die Hochzeit des Figaro brings together Walther Berry and Lucia Popp. Also Salome with Astrid Varnay and Theo Adam and Puccini's Il Tabarro and Gianni Schicci with Marilyn Tschan as Giorgetta and Garbis Boyagian as Michele in a dramatic, well-paced performance. (21 851)

LONDON

Royal Opera, Covent Garden: Le Nozze di Figaro, a ten-year-old John Copley staging beginning to show its age, has in its favour Daniela Mazzucato's quicksilver Susanna, Richard Stilwell's Count, and Samuel Ramey, in the title role. Samson et Dalila, designed by Sydney Nolan (who provided some of the most ravishing sets seen here in recent years) and produced by Elijah Moshinsky, returns with substantially the same cast – Jon Vickers and Shirley Verrett, conductor Colin Davis.

English National Opera, Coliseum: Last season's Gounod Romeo and Juliet, a not especially distinguished Colin Graham production, returns with the same heroine to lift the show into the big league – Valerie Masterson. Further performances of the very impressive Otello, and of the rather routine Bohème.

Royal Opera House, Covent Garden: Cinderella (no matinees).

Royal Festival Hall: Matinee and evening performance of The Nutcracker.

Sadler's Wells, Rosebery Avenue: Sadler's Wells Royal Ballet triple bill, including Les Sylphides and La Boutique Fantasque. Also in repertoire, Boutique-required viewing-and the full length Swan of Tuonela.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): First seasonal performance of Les Contes d'Hoffmann, conducted by Julius Rudel, joins repertory performances of Pelleas et Melisande, conducted by James Levine, Il Trovatore, Idomeneo and the last performance of Parade, the Met's ballet-opera sequence of Satie, Poulenc and Ravel. (580 9830)

New York City Ballet (New York State Theater, Lincoln Center): The week's mixed repertoire includes Jerome Robbins' Gershwin Concerto, Peter Martins' The Magic Flute and George Balanchine's Symphony In Three Movements. (870 5570)

WASHINGTON

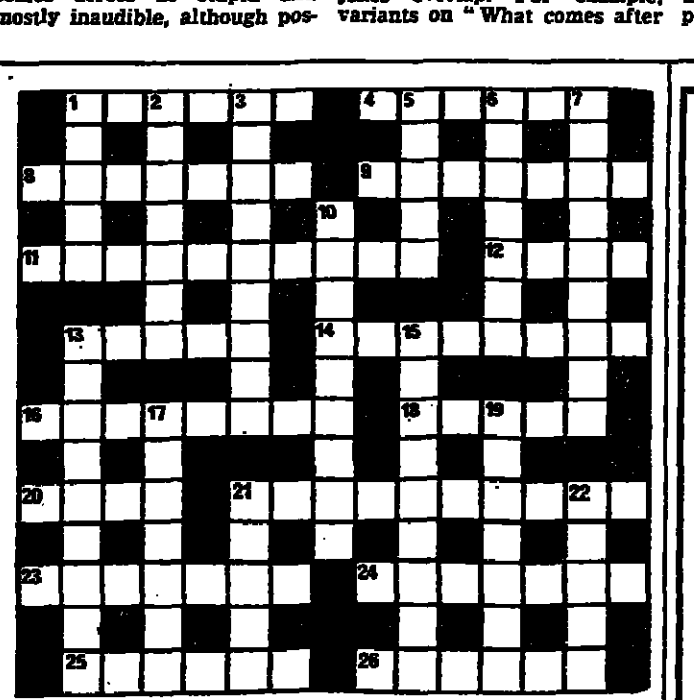
Washington Opera (Terrace Theater, Kennedy Center): The Abduction from the Seraglio and an evening of Trial by Jury and M. Choufleuri. (254 3670)

VIENNA

Staatsoper (5324/2655): Lucia di Lammermoor, Die Zauberflöte, Fidelio, Die Entführung aus dem Serail.

Volksoper (5324/2657): Die Fledermaus, Die Lustige Witwe, Kiss Me Kate, Die Feenkönigin.

F.T. CROSSWORD PUZZLE No. 5,068



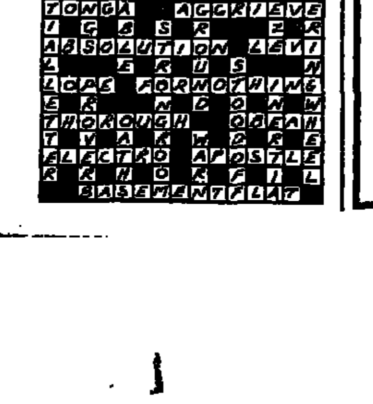
ACROSS

1 Power may be involuntary (6).
4 A quiet carillon has charm (6).
8 Decrepit case with spasm like Diogenes. (7)
9 Sir drinks beer on returning to Italian port (7).
11 Thin spread adequate for miser (6-4).
12 Nothing Oriental about this flower (4).
13 A sapele might produce fragrant substance (5).
14 Imbue a target area? (8).
16 Way park officer discovers new-born child (8).
18 An officer has a right to be seen in church (5).
20 Not even parts of Shanghai provide a story (4).
21 A hunter wouldn't go without it (10).
23 Rope cut to sever ties (7).
24 Directs ex-Surrey cricketer to Halifax maybe (7).
25 Film parts formerly by new star (6).
26 It's painful so we hear (6).

DOWN

1 Greek character truly makes entertainment (5).
2 Notice part of paper carries leak (7).
3 Lion and tiger somehow prowling with intent? (9).
5 Mountain to go up—I'd need woollen wear (5).
6 Lear — one recollected Shakespearian (7).
7 Intermediary, afterwards novelist (9).
10 Check little girl's retinue (9).
13 Separated perhaps from one's horse! (9).
15 Convey delight (9).
17 Opposed to a good man accepting advantage (7).
19 Anguish of people in the wrong (7).
21 Animal sounds to be greeting female (5).
22 Here, you're halfway of course (5).

Solution to Puzzle No 5,067



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Tuesday January 11 1983

A small step for Mr Botha

THE DECISION by South Africa's Labour Party — the largest legal political organisation within the so-called coloured (mixed race) community—to participate in Mr P. W. Botha's new constitutional plans is an important breakthrough for the South African Prime Minister. For the first time, his idea of bringing together the country's racial minorities — whites, coloureds and Asians — in one system, albeit with built-in white control, is looking as if it might get beyond the drawing board.

Hitherto, the scheme was in danger of being rejected outright not only by the 2.5m coloureds and 800,000 Asians, but also by a large part of the 4.5m whites, both to the left and right of Mr Botha. Its major flaw has been, and remains, its failure to make any provision for South Africa's 20m black majority: they must continue to exercise their non-existent political rights in their tribal reserves, even if they have been born and bred in urban "white" South Africa. But the constitutional plans were also anathema to the die-hard conservatives in Mr Botha's ruling National Party, for proposing any form of power-sharing with non-whites, however few: it was over this issue that Dr Andries Treurnicht led his rebellion last year to form the Conservative Party.

Partners

The Labour Party's decision gives Mr Botha a victory he sorely needed, but it was by no means unequivocal. The party's annual congress described the reforms as inadequate, and insisted that they should be renegotiated. But it nonetheless agreed in principle to participate in the proposed three-chamber Parliament, with the stated aim of seeking to change the system from within. The decision is the most favourable Mr Botha could have hoped for, and he must now be confident of winning enough support from the Asian community to put the new scheme into effect.

By making their move, the Labour Party leaders have both split their own party, and alienated their black partners in the South African Black Alliance. Chief Gatsha Buthelezi, the Zulu leader whose Inkatha movement is the largest legal black political organisation in the country, said that participation in the system would make the coloured people "second class enemies" of the 20m black majority.

Mistrusted

The position of the coloured people in South Africa is an agonising one. Because of the colour of their skin they are rejected by many whites, although they speak the same language, Afrikaans, and share the same history. They are also mistrusted by many blacks for enjoying too many of the fruits of white minority rule. Nonetheless, in recent years, young coloureds in the schools and universities have identified increasingly with black militancy; at times they have been in the forefront of student protest against the Government in Pretoria; now they are planning to organise a boycott of any election for the new Parliament.

It is hard to see what the Labour Party leaders can hope to achieve from within the new system, in terms of major reform. They want black participation, but Mr Botha has already excluded it; they want one Parliament, not three ethnic chambers, but Mr Botha will be loth to reopen negotiations on that point with his own supporters—one Parliament might threaten the survival not of white rule, but of National Party rule; and they want some tangible relaxation of the hated Group Areas and Immorality Acts (the former segregating housing, the latter banning mixed marriages). Perhaps they can hope for some move on those laws, although Mr Botha's administration has applied them as vigorously — for example, in Cape Town's District Six—as any of its predecessors.

As for Mr Botha, he would be very unwise to think that the Labour Party move means his constitution is adequate for South Africa's needs. Its failure to include the black population makes it unlikely to work any better than the present all-white system. It may be a step in the right direction, but it is a very small step indeed. Mr Botha must now find a way of bringing in the urban black population, and ultimately the entire black majority. As long as they are excluded, no solution will remain stable, nor will it enjoy international recognition.

The selling of life assurance

THE COLLAPSE of an agreement to fix prices is, more often than not, cause for rejoicing on the part of the consumer. Yet in the case of the British life assurance business it is not self-evident that the onset of a full-blown commission war will operate in the public interest. Nothing has happened since the ending on December 31 of the commission agreement operated by the Life Offices Association and the Associated Scottish Life Offices to suggest that a commission war will be easily averted.

The ostensible cause of the collapse of the old maximum commission agreement was the arrival on the scene of young life assurance companies that were not members of these two bodies. They were prepared to pay over the official scale to generate new single premium linked life business. Many traditional life companies became increasingly irritated at what they considered to be "unfair" competition.

The Life Offices Association and its Scottish counterpart originally hoped that their members would stick to the old commission structure until agreement could be reached on a new scale. Some steps, in conjunction with non-member companies, were made in that direction. Before Christmas, however, a consortium of 12 leading companies announced its own scale, which could make a wider agreement harder to reach.

Business

Under this new scale the 12 companies will not be paying so-called "override" commission which gives additional rewards to insurance intermediaries on the basis of the volume of business they provide. The new scale also differentiates between full-time intermediaries, such as insurance brokers, on the one hand, and part-time intermediaries, such as building societies, solicitors and housewives on the other. This has precipitated a trenchant debate between the traditional life companies as to whether building societies whose mortgage lending has increasingly been linked to endowment policies, should be lumped in with the other part-timers.

Some brokers now offer a highly sophisticated advisory service, taking in portfolio investment and tax avoidance matters, as well as straightforward insurance issues. By contrast building societies offer a limited advisory service at best, while other professionals regard insurance introductions as a sideline. It is hardly surprising, then, that life companies should have started to ask themselves just what they were getting for commissions expended; or that the full-time professionals in the insurance broking sector should have felt that the commission structure was biased towards the part-timers for whom insurance broking income was a marginal consideration.

Incentive

Without a fixed limit on commissions there must be a high chance that the middlemen will take more — and that the brokers' incentive to remain impartial, in a market containing a bewildering variety of complex products, will be eroded.

Yet some non-members of the Life Offices Association claim that they were able to pay higher commission before December 31 to full-time brokers mainly because their overall costs worked out lower than those of many traditional life companies which incurred additional sales costs by using agents who did little more than introduce the client. If a commission war encourages greater and more cost-effective use of professional brokers, so the argument runs, total sales costs might not rise and the consumer would be unaffected.

The argument might carry some credibility if life companies and brokers were required to operate under the discipline of having to disclose costs and commissions to the potential policyholder. But they are not. Indeed Dr Gerard Vaughan, the Minister of Consumer Affairs, has used the threat of disclosure to concentrate minds on a new commission agreement.

So far this has not had the requisite effect. And with widely differing interests to reconcile, the life companies could not have been expected to reach instant agreement. But more than three months have elapsed since the decision to end the old agreement was announced. The Office of Fair Trading has already intimated to Dr Vaughan that it is not keen to see a commission war. Sir Gordon Borrie, its director-general, might now care to consider a more aggressive defence of the consumer's interest.

SIZEWELL B REACTOR CHOICE

Nuclear power : a crucial test

By David Fishlock, Science Editor

WHAT MAY prove to be one of the most important tests of public opinion on nuclear power starts today.

A public inquiry into plans of the Central Electricity Generating Board to use an American-designed nuclear reactor at Sizewell B, its next nuclear power station project, opens at The Maltings, Snape, close to the Suffolk site. If approved, it will be Britain's 44th power-generating reactor.

The Sizewell B inquiry is acknowledged by the international nuclear industry and its opponents — over 4,000 have registered for the inquiry — as crucial to the future of nuclear power.

Britain's electricity supply industry will argue that this is the cheapest and most reliable way of providing electricity for the rest of the century. Opponents will argue that Sizewell B is unsafe, a menace both to its operators and to the public at large. What is more, it isn't needed because demand for electricity in Britain is declining, and alternative energy sources — coal, wind, waves, whatever — can adequately supply the nation's future needs.

The electricity industry has chosen a particular reactor, the Westinghouse pressurised water reactor (PWR), in preference to any other reactor — British, U.S., Canadian, etc. Its decision is based partly on the performance of the PWR as a reactor, and partly on the help it expects to get from other organisations in building Sizewell B.

For Sizewell B, Britain is seeking assistance abroad for the first time in power reactors. But there are precedents in other nuclear activities. The Navy estimates that it got its first nuclear submarine into service five years earlier by buying a Westinghouse PWR off-the-shelf. British Nuclear Fuels will vitrify highly radioactive effluent at least five years earlier by using the French process.

Part of the CEGB's case for adopting the PWR for Sizewell B is that it will give Britain access to a technology which has been accepted by 20 nations so far. In contrast, Britain's own advanced gas-cooled reactor (AGR) arouses no perceptible interest overseas, mainly because it is too expensive.

But the CEGB has to overcome not only a not-invented-here syndrome founded on 36 years of national nuclear research and development, but also the unfortunate associations of the Three Mile Island accident to a PWR four years ago.

But the PWR, by far the world's most ubiquitous type of nuclear engine, comes in many different designs—just as Count Otto's internal combustion engine does nowadays. The Americans invented the PWR as the simplest, most compact, most robust reactor for a nuclear submarine.

The electricity - generating PWR, however, owes more to the next big step of the U.S. Navy, which ordered eight bigger reactors for its first nuclear carrier, Enterprise. These were designed to be operated by a less highly disciplined crew than submariners. For the first time they used safety systems such as emergency core cooling.

Over 30 years ago the British Government recognised that the water-cooled type of reactor might offer advantages over the gas-cooled type Britain was pursuing, chiefly because water is a much more efficient coolant and the reactor can be so much smaller. The 1955 White Paper which launched Britain's first nuclear programme says: "with further development liquid-cooled reactors should be able to give a much higher heat rating than the first gas-cooled reactors for the same capital cost. They might therefore eventually prove more economic than the gas-cooled type."

In 1973 the CEGB, exasperated with the difficulties of building the AGR, tried to change to the PWR. It based its case on need—on a belief that it might need to order as many as 36 nuclear stations over the next decade or so. It argued its case arrogantly and often ineptly. The need proved illusory, and indeed was never accepted by government.

Since then, the first AGRs have entered service. But performance has fallen short of expectations and the inherent difficulties of building them have not gone away. The CEGB reckons that AGR electricity will cost at least 15-20 per cent more than PWR power.

Price of power is the main plank in the CEGB's case today. To quote Mr John Baker, its commercial director and leading witness at the inquiry into Sizewell B, this will argue that "over its lifetime it will yield substantial savings in the cost of producing electricity," when compared with any alternative —including coal—open to Britain.

In order to try to gain the greatest advantage from going abroad for help with its nuclear programme, the CEGB is working closely with two powerful U.S. companies: Bechtel Corporation, a group of some 80,000 whose engineers design and manage major engineering projects of every kind, and from which President Reagan has drawn two members of his Cabinet; and Westinghouse Electric, the world's biggest nuclear manufacturer, which reckons its civil nuclear earnings exceeded $1bn last year.

From Bechtel, the CEGB originally sought a station design called SNUPPS (standardised nuclear unit power plant system), arrived at in consultation with five U.S. electricity companies and applied to 15 PWR units worldwide. But the CEGB's prime contractor, the National Nuclear Corporation, in adapting this design to British requirements for safety, frequency, maintenance, etc, departed radically from SNUPPS.

The result was the so-called "April 1981 design," which proved far more expensive than was expected, would take longer to build, and which was different—some critics say deliberately—from the U.S. design.

The April 1981 design exposed serious failings in the British nuclear industry, including weak project management and failure of communications. The CEGB persuaded the Secretary of Energy to mount a task force with Sir Walter Marshall, then chairman of the UK Atomic Energy Authority, as its moderator, to try to salvage the Sizewell B project.

Mr Mike Comes, general manager of Bechtel's Gaithersburg Power Division, near Washington DC, responsible currently for about 30 major power projects, says bluntly that the April 1981 design would have proved "disastrous." But Bechtel had been asked to play only a limited role in helping NNC, and was "unable to influence any decisions." Mr Comes believes the CEGB itself had not wanted Bechtel to be brought in—it was accumstomed to bring its own architect-engineer.

He promptly set on record the Bechtel view of the April 1981 design. Events moved swiftly that summer, culminating in a joint project team—the first attempt to pool the engineering talent available for Sizewell B. Bechtel and Westinghouse became part of this team. Mike Comes and Ted Stern, executive vice-president of Westinghouse Nuclear Engineering Systems—whose word for the first design is "fiasco"—became members of the steering committee Marshall demanded to oversee his task force. They helped keep British energy ministers briefed regularly on progress towards a new design.

The new design became known as the April 1982 design. The nuclear steam supply system—the reactor, for all practical purposes—remains virtually unchanged. It is a standard Westinghouse 4-loop PWR, operating at 2,300 lb per square inch pressure, producing 3,425 MW of heat. The differences from the SNUPPS design here lie in the manufacturing and inspection methods on which the CEGB insists for certain critical parts, such as the pressure vessel.

But the reactor will have four trains of—quadrupled—safety precautions. Standard U.S. practice is two trains. French practice requires three trains. Mr Jim Moore, vice-president and general manager of Westinghouse's water reactors division, says he's heard nothing to suggest that anyone else will demand four trains. But they are needed by Britain to match the standards set by its gas-cooled reactors.

Sizewell B will also have an extra (secondary) concrete containment round the reactor. Westinghouse thinks the need for it "pretty marginal." But some U.S. plants already have it.

But Sizewell will have design features, not yet in operation on the Westinghouse PWR, to reduce radiation dose to plant operators, including a quicker way of removing the head of the pressure vessel to refuel the reactor. This is expected to save three or four days and to expose fewer people to radiation.

According to Jim Moore, Europe has demanded lower radiation doses for operators than U.S. companies. Westinghouse has devoted a major development effort to robotics for inspection and repair of reactors. An advanced all-purpose robot called ROSA is being tried for the first time, in modifying a U.S. reactor this month.

For Sizewell B, a robot that installs itself inside a steam generator, so that its tubes can be inspected from afar, is being developed. Mr Moore believes that such systems could reduce the radiation dose received by its operators to a figure lower than for the latest AGRs being built in Britain.

Jim Moore says the advanced PWR will be more highly rated, 3,800 MW of heat. It will have a new design of reactor core that provides 20-25 per cent better utilisation of fuel and needs refuelling at intervals perhaps as long as two years, compared with 12-18 months at present.

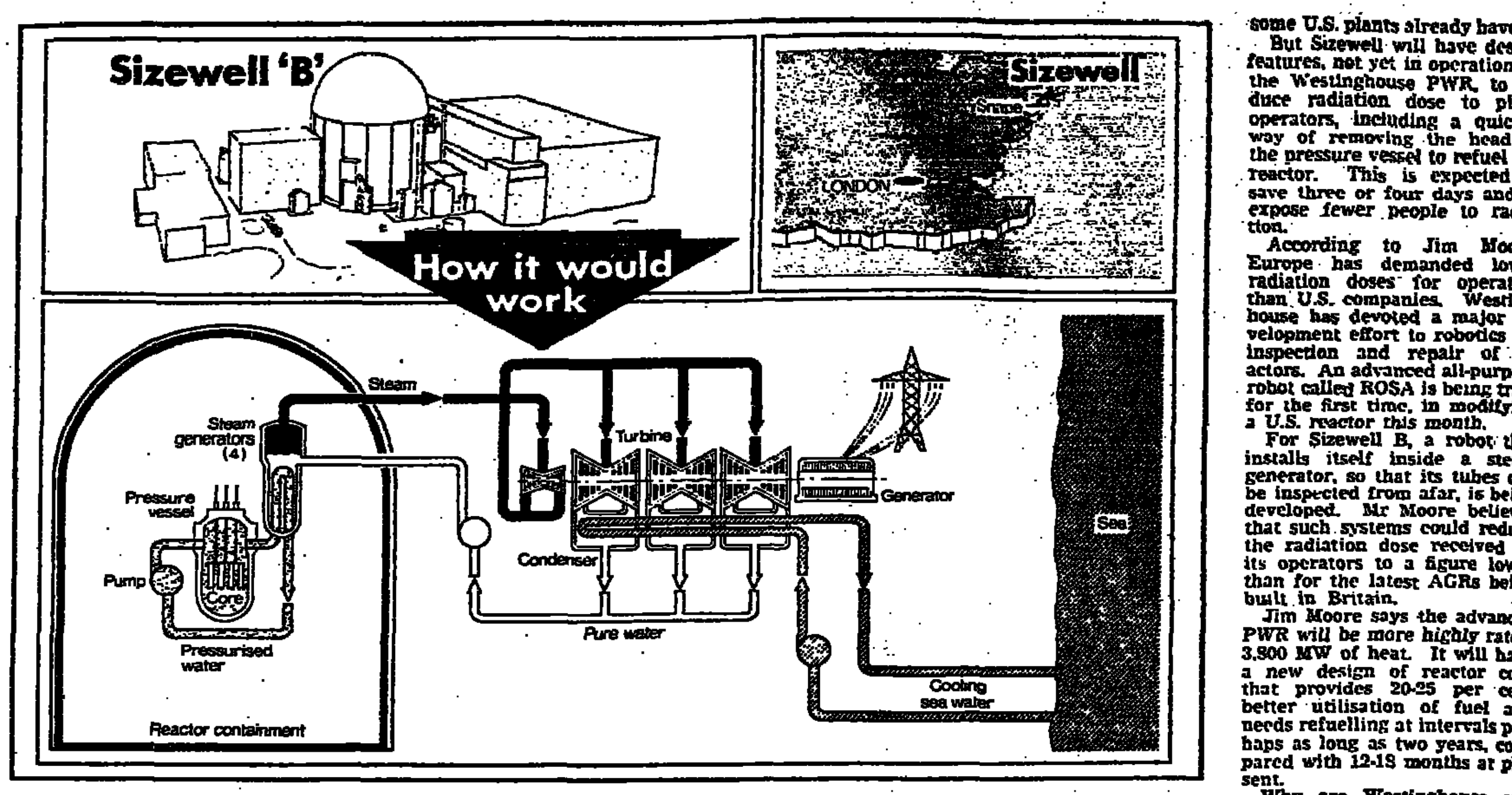
Why are Westinghouse and Bechtel devoting such a substantial effort to belated British plans to explore the PWR? The UK nuclear industry's expectations of a run of perhaps ten PWRs over the decade from 1984 no longer seems likely on grounds of need.

Mike Comes of Bechtel admits that Sizewell B has received a disproportionate amount of his time, considering that his company expects to earn only about $15m — out of a total engineering effort put at about $300m — from the Sizewell project. For him, it became a personal challenge because of the frustrations of the first design.

But the real value to Bechtel lies in three directions. One is simply "to preserve our reputation — we're in it so deep and the thing is so sticky." Another is the company's interest in demonstrating its engineering capability to Britain's power engineers.

The third is that Bechtel sees Britain, backed by the City's financial resources, as a powerful launchpad for PWR exports. This is in sharp contrast to the scepticism about Britain's nuclear exporting prospects often expressed at home. In international finance "you bring a lot to the party," Mr Comes says. Right now, China appears to be the most promising market for a tripartite effort by Britain, Westinghouse and Bechtel.

To its U.S. partners, Britain appears to be entering a period of financial stability just at a point when France is looking less stable and—with nearly 50 Westinghouse PWRs nearing completion—is past the peak of its domestic nuclear programme.



NUCLEAR GENERATION: HOW BRITAIN COMPARES

% of power generated by nuclear reactors 1981

France	37.7	Japan	17.3
Finland	35.8	W. Germany	14.6
Sweden	35.3	Britain	12.7
Switzerland	28.1	USA	11.9
Belgium	25.3	Canada	10.0
Bulgaria	24.7		

Source: IAEA Annual Report 1981

Men & Matters

Iris wilts

Remember all that jokey talk some 14 months ago about Edward Heath superspy? He earned the soubriquet—and a few others—when he accepted an advisory role with a new intelligence - gathering body incorporated in Holland, largely financed in Europe, and based alongside all the other spies in Washington DC.

Well, International Reporting and Information Systems (I do feel that Iris, as it prefers to be called, is so much more friendly) has been slow to bloom. And I discover that Heath has not even been issued yet with his basic intelligence operative's kit—a computer terminal to link him with the Iris computers that whirr away in Crystal City. Although he was promised technology equal to anything available to a CIA or MI5 operative he has so far had to make do with written versions of Iris's high-powered analyses of world affairs.

The good news from Paul Boeker, the IRIS director of information and analysis, is that Heath will get his terminal very soon. The bad news is that the Washington office where Boeker presides has trimmed its staff by one-third in the past week as part of a cost-cutting exercise.

Henceforth there will be fewer than 100 Washington operatives working in what IRIS-backers claim is the biggest private intelligence gathering business in the world. They are supported by another 60 or so overseas.

Boeker denies, however, that IRIS is in a financial crisis. Rather, he says, the organisation has "trimmed its sails" to match its staff to the growth of its list of clients—mostly government offices and big business. He adds "Build-up of business has been slower than anticipated."

That slow growth will be high on the agenda when the IRIS shareholders meet in London this week at the offices of one of their number, merchant bank Henry Ansbacher.

IRIS's financial needs for 1983 will be discussed. The shareholders are learning painfully what any spymaster or newspaper owner could have told them—that fact-gathering is an expensive business.

Not a word

For the first time, the San Francisco-based International Association of Business Communicators has come to Britain to find out what its workers feel about their companies' internal communications.

Five British companies volunteered—even paid—to be included in the Association's latest survey. The findings are not flattering.

Less than half the workers surveyed believed that their supervisors were well informed by top management compared to 63 per cent in the U.S. and Canada. Only 45 per cent believed that they had the information necessary to do their own jobs properly.

None of this is likely to surprise Richard Turton of chartered accountants Spicer and Pegler. Reflecting on the short-comings of management, he says that the reaction of workers to his own shop-floor talks is typified by one man who thanked him, saying: "It's the first time anyone from management has told me anything."

Turton was acting as a Receiver at the time.

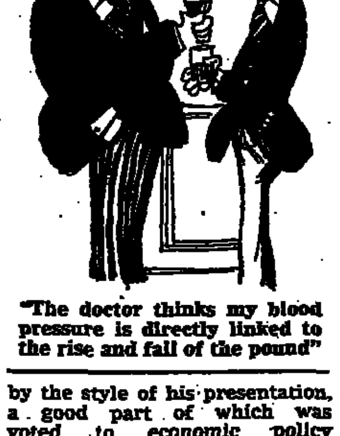
Run about

Lee Iacocca is at it again. Chrysler's ebullient chairman was in New York yesterday, ostensibly to present the company's new motor cars to the Press. But rumours about his supposed political ambitions for 1984 were not exactly crushed by the style of his presentation, a good part of which was voted to economic policy ("Volcker is taking us all down the tubes") and to international strategy ("it's time we told the Japanese to knock it off").

Pressed to comment directly on the speculation, Iacocca said firmly: "Under no circumstances will I run for nothing." Later, though, he was rather less ambiguous, declaring that he would not run for the White House even if he was drafted. So why all the political statements? "Well," he explained, "in a democracy, you got to sound off."

Iacocca may be excused a touch of bombast, for Chrysler is no longer dying on its feet. Its share of the U.S. market is firming up at around 10 per cent and Iacocca is not coy about the prospects for a range of new models coming up this year and beyond.

The group is now just about breaking even, although as a result of a strike in Canada it seems unlikely to report an operating profit for 1982. But Iacocca is expecting the U.S. market to pick up by about 10 per cent in 1983—and if that happens, he says, Chrysler will make a bundle of money.



"The doctor thinks my blood pressure is directly linked to the rise and fall of the pound"

Back track

At the age of 17, Keith Moss became a "commando" in the toy industry. It was the latest idea in selling at Lines Brothers in 1960. Give eight young trainee salesmen a van each—and send them round the country to sell and deliver toys at the same time.

"It was fabulous experience," says Ness, who reckons he has been to every village in the country big enough to have a sub-post office that sold toys.

What he learned then and in the 23 years of marketing toys since will probably all be needed. For yesterday Ness was appointed managing director of Hornby Hobbies of Margate, the largest single piece of business salvaged from the wreck of Dunbee-Combex-Marx which went down three years ago with debts of £19m.

Ness, typical of a whole generation of British toymen, has already been through two receiverships. "There isn't going to be another," he says defiantly.

He was brought into Hornby as sales and corporate development director in August. At the time he was managing director of Combex, now a subsidiary of Richard Beecham's Tamwade.

Although Hornby traded at a heavy loss last year, partly because of the cost of redundancies, Ness says the necessary action to save the company has been taken.

And to help him back on the right track, he has the services of another member of the old Lines Brothers commandos, Stan McCollum, now head of Hornby exports.

Observer

Letters to the Editor

The purpose of competition law and the Monopolies Commission

From Mr T. Sharpe

Sir,—The purpose of competition law should be to promote competition and to prevent undesirable concentrations of market power. When one company seeks to acquire another two issues are present. The first is the shareholder interest: is the target company's future properly capitalised in the bid price; is the bidding company paying too much? This is a 'shareholder point' and is best left to the management and their respective relations with the shareholders. The second issue is the public interest, the question whether market power is strengthened as a result of the merger? This will be in the interests of shareholders and managers but not in the consumers' interest. The possibility of divergence is the only justification for any regulatory intervention.

When the original Monopolies Bill was introduced in 1947-48 the Minister was asked 'what is the public interest?' The questioner was told that he would know it when he saw it. Over 30 years later we are no wiser. Professor MacKay (January 6) reveals with damning clarity the poor reasoning of the majority in the Anderson Strathclyde case. We are told that the merger will have an adverse effect upon the management effectiveness and labour relations of Anderson Strathclyde and that this would tend to diminish effective competition in the supply of goods.

If the merger is likely to reduce efficiency it is not clear why this information is not vouchsafed to Charter; it is equally not clear why Charter should wish to proceed and what corporate interest is being pursued by the purchase of such a company. As in the House of Fraser—Lonrho report, the Commission is substituting its judgment, on what is essentially a 'shareholder' question, for that of the bidder. In other words, it is assuming the role of public management (and industrial relations) consultant, and with respect, it is not obvious that the members of the Commission were chosen with a view to their expertise as consultants, as opposed to men and women who could make an informed judgment about the likely dangers of increased market power. As Professor MacKay is aware, companies retain their own consultants.

By any standards, the acquisition of Anderson Strathclyde by Charter is unlikely to have any demonstrable effect on Charter's position in the market for the goods produced by Anderson Strathclyde. There is no public interest question to consider and the chairman of the Commission and Mr Lyons were entirely correct to dissent from the majority, however disagreeable such a course of action must have been for a chairman; and the Government was equally correct in adopting their views.

The final answer lies with Anderson's shareholders. If they take as credible the statements of the existing management and take a favourable view about the future of the company and its efficiency then they will decline Charter's offer. But it should be no part of the public design to maintain competition to insulate Anderson from the (obviously stimulating) threat of takeover, in the absence of any obvious increase in Charter's market power.

The whole episode focuses, yet again, on the vacuity of the 'public interest' formula and the inadequate guidance offered by s.84 of the Fair Trading Act. Under this capacious umbrella shelters almost any consideration, lobbyist, pressure group, disaffected or fearful management or trade union. In the absence of any anchoring discipline or body of principle the Commission has become fair game for special interests and as a result the integrity of the system is brought into question.

It is tempting to argue that the shelf life of the Commission as an institution has come to an end and that we should seek other means of controlling market power and undesirable concentrations. This is one solution but not an immediate one. An expedient would be for the Department of Trade, Office of Fair Trading and the Commission itself, to state in published form what types of concentration they regard as unexceptional, qestionable and (presumptively) forbidden. It is no longer enough for the authorities to state blandly that each case is different and each should be treated on its merits (or that the Commission would know the 'public interest' when it saw it).

This approach has failed and after 34 years of monopoly policy and 17 years of merger control it ought to be possible to establish some principles of acceptable behaviour. If it is not possible we should start again with a clean sheet of paper.

T. A. E. Sharpe.
Wolfson College, Oxford.

Early warning of Mexico's borrowing and short-term credits

From the Assistant General Manager, Bank for International Settlements

Sir. — In his comments (December 29) on our half-yearly international banking statistics your correspondent rightly notes that 60 per cent of Mexico's total net borrowing during the first half of 1982 took the form of short-term credits. He then goes on to say that "normally a bunching of short-term credits is a clear sign of incipient liquidity problems in a borrower country. Since the Mexican crisis the Bank for International Settlements has been criticised for the time taken to compile and publish its figures, which reduces their value as an early warning indicator."

The table shows the history of the Mexican debt figures and the time of their publication. You will see at once that by December 1980 anyone who cared to look at our figures could see that an increasing proportion of Mexico's external borrowing was beginning to take the form of short-term credits. This was confirmed in July 1981, and by January 1982 the trend had become crystal clear. It could then be seen that between end-1979 and mid-1981 Mexico's total gross banking debt had increased by $15.7bn. The short-term component of this total was $11.3bn, i.e. more than 70 per cent. To put it bluntly, actual or potential creditors did have early warnings on three occasions—December 1980, July 1981 and January 1982—well before the eruption of the Mexican crisis in July 1982.

A. Lamfalussy.
Bank for International Settlements,
CH-4002 Basle,
Switzerland.

The external banking debt of Mexico and the importance of the short-term component

	end-1978 $bn	mid-1979 $bn	end-1979 $bn	mid-1980 $bn	end-1980 $bn	mid-1981 $bn	end-1981 $bn	mid-1982 $bn
Gross banking debt	23.3	25.8	30.9	34.7	42.5	46.6	57.1	64.4
of which:								
debt maturing within one year	7.4	8.8	10.7	13.3	18.8	22.0	27.8	32.2
(expressed as % of total)	(31.6)	(34.1)	(34.5)	(38.4)	(44.3)	(47.1)	(48.7)	(50.00)
Memorandum item								
Month of publication	July 1979	Jan. 1980	July 1980	Dec. 1980	July 1981	Jan. 1982	July 1982	Dec. 1982

Note: Figures are taken from the BIS half-yearly publication on the maturity structure of the external assets of banks located in Group of Ten countries, Switzerland, Austria, Denmark and Ireland, and of certain of their foreign affiliates. Percentages have been computed from the original data and may, therefore, differ from those that can be derived directly from the rounded figure shown in the table.

The British character and attitudes towards making money

From Mr H. Parker

Sir,—In his interesting piece "Making money is not quite cricket" (December 30) Ian Davidson makes some fascinating but questionable generalisations about national attitudes to money: "The British are not, in the main, and never have been really interested in making money. By and large the national ethos frowns on making money for its own sake. Japan, Switzerland and America are different, and richer."

It may be true that "the British," or at least some of them, are not too interested in making money, but the ones I have met in 30 years of dealing with them are just as interested in having money — if not more so — than other nationalities. The national preoccupation with betting on horses, football games and other forms of gambling — not to mention speculation in the stock market, in property and in City institutions like Lloyd's — seems to me to reflect a pretty widespready interest in getting hold of the stuff.

What perhaps is lacking in the British character (if there is such a thing) is the apparent enjoyment of satisfying and productive work that one can observe, say on a building site or in an office or shop, in New York or Zurich or Tokyo. Workers *in* those places are probably better paid than their British counterparts, but they invariably seem to do their work with a zest and professional pride in doing the job well and quickly that is rarely seen in London. I believe it is this element of pride in doing a job of work well, rather than just an interest in "making money," that is lacking in many British workers — and I use the term in its widest sense to include those working at all levels and in all sectors of UK society.

Hugh Parker.
McKinsey and Co,
74, St James's Street, SW1

From Mr M. Zinkin

Sir, — I read with great interest Ian Davidson's article (December 30) on rural nostalgia and the British lack of interest in making money.

I agree with everything he said but it only highlights our problem. We may not like making money but we have a great weakness for spending it. As one example, we invented almost all the developed world's modern ways of passing its leisure, from football to mountaineering to package holidays. Every private individual would like to spend more on everything, from his house to alcohol; all parties in practice want the State to spend more, though their priorities between defence, education, health and pensions may differ a bit.

We therefore are forced back to the old unpleasantness of economic life that if we wish to consume we must produce. We are therefore left with the question of how we induce in ourselves an adequate interest in making money, in economic efficiency and in doing the jobs which are central to manufacturing. The view that it is pleasanter to be an English don or a barrister than to be a production engineer is a very reasonable one, but if the North and Scotland are not to be turned into waste lands we have to find some method by which *industry gets* better production engineers. One way, of course, would be for industry to pay them better; at present we have a vicious circle by which the standard is low so the pay is low so the standard is low.

Equally I think it is understandable that many people like to live in the country, the English countryside is particularly attractive. The fact remains that most people have to live in towns, including their suburbs, and that if the better off insist on living in the country it means that far too many of our top people spend time travelling that would be more usefully occupied from the country's point of view in working. The City is full of examples.

I do not think there are any easy answers. I have a horrible suspicion that if all our people of talent were doing the things that were best for the economy their own personal quality of life would diminish. And it is very difficult to persuade people to accept a lowering of their quality of life for the public good even if that would give them more money and so, I suppose, more quantity.

Maurice Zinkin.
6 Kensington Court Gardens,
Kensington Court Place, W8.

From Mr P. West

Sir,—With greatest respect to Ian Davidson's "Making money is not quite cricket" (December 30) is not Napoleon's remark "A nation of shopkeepers" (small of course) a better description of our national ethos than the idea that any of us are actually not interested in making money?

P. L. West.
Wesbrey Holdings,
Victoria House,
32 Lower High Street,
Stourbridge W. Midlands.

From Mr M. Jefferson

Sir,—Ian Davidson "Making money is not quite cricket" (30 December) believes there are inherently questionable value judgments lying behind the thesis that a longstanding anti-industrial tradition (aristocratic, haut bourgeois, literary—call it what you will) is one important explanation for Britain's relative economic decline. He asserts that the following value judgments are both questionable and an integral part (implicit or explicit) of the line of argument which I and others have advanced over the years:

—the implied depreciation of ruralism as such.
—there is something superior about industry.
—industry is coterminous with extractive or manufacturing industry.
—the British establishment is insufficiently interested in making money, or in achieving the necessary working relationships to foster that end.

The first argument is neither well-founded in fact nor a necessary element in our line of reasoning. There is a widespread presumption that the rural poor of 18th and early 19th century Britain lived comfortable lives while factory workers lived and worked in squalor, which I would regard as largely false. But this is not the same as Mr Davidson's line of reasoning.

The second is also ill-founded. To claim (as I would) that the traditional hostility to industrialisation, and the factory system, has been debilitating is not to assert that industry is superior *or* free of negative features. The demand is for a balanced view of the impact and role of industry and its output, not a claim to superiority. The demand incorporates an appeal for greater (more objective) knowledge of the social and economic history of Britain, and a deeper understanding of political and attitudinal forces.

The third is mis-directed in the context of the mainstream debate. The traditionally superior attitudes to industry and trade became acute with the industralisation process and hence were mainly directed against mining and manufacturing (though financial speculation was included). My line of argument would not exclude Mr Davidson's reasoning on the present scale and potential of the service sector.

Mr Davidson claims his fourth point is left unsaid by "adherents to the new orthodoxy." Making money has been regarded as vulgar since at least the days of Aristotle, and making money for its own sake is frowned upon in many countries additional to Britain. Very *few* people are interested in making money for its own sake, anywhere. I have yet to see a country where sufficient effort is put into achieving a truly *co-operative* relationship between workers at all levels (though I observe many workforces are more docile and/or co-operative than some found in Britain).

Much more could be said on this important subject. Mr Davidson hardly sees the point. As somebody with a specialised interest in the literary tradition of hostility, who did choose to work in British industry, and who continues to work in industry, I hope he sees the point soon.

Michael Jefferson,
Utsiktsvägen 6,
S-181 62 Lidingö, Sweden.

Sir Larry Lamb's resignation

From Sir Larry Lamb

Sir, — Observer's account (January 4) of my impending departure from The Australian is nonsense.

My resignation was not sudden. It takes effect precisely on schedule after six months notice. The arrangement was never intended to be other than temporary.

I have not "declined" to be more specific about my departure. No one asked me about it.

I have had no serious disagreements with Mr Murdoch, or anyone *else*, about The Australian.

Until 48 hours before the date of the announcement I was still being urged to reconsider my decision to leave at the end of the agreed period.

I am surprised and saddened to find the Financial Times repeating malicious and potentially damaging gossip without any attempt to check the facts.

(Sir) Larry Lamb,
Editor-in-chief,
The Australian.
PO Box 4245
Sydney, New South Wales 2000.

Idle money over Christmas?

From Mr A. Bevan

Sir,—I have no idea how many holders of shares in Huntley and Palmers Foods accepted the cash alternative given by Nabisco Brands Incorporated, nevertheless, possibly millions rather than thousands of pounds were involved, which leads me to the timing of the whole operation, which appeared to favour Barclays Bank new issues department.

The facts are as follows:—Cheques for the consideration were dated December 23 and arrived on December 24, banks were not open a full working day on the 24th and these remittances (cheques) were held over until Wednesday, December 29. It follows, therefore, that no one who accepted the cash offer would receive credit in their account until January 4!

One wonders whether the total consideration monies were placed to good advantage (short term market) for the ten days or so.

A. S. Bevan.
Stonecroft, Reynoldston,
Gower, W. Glamorgan.

Election of union officials: a personal view

Drawbacks of democracy

By Philip Bassett, Labour Correspondent


Norman Tebbit (left) and Arthur Scargill

WHEN Mr Norman Tebbit, the Employment Secretary, today unveils his Green Paper on internal trade union affairs, one of its central proposals will be for the election of union leaders. It is virtually taken as read now that election is intrinsically more democratic than appointment, and therefore better both for the unions and for Britain. But is democracy as simple as that?

The Government's main point about the election of union officers is that it will make them more accountable to their members, and therefore more representative of their true feelings—which Ministers believe are in the main more moderate than those of their leaders.

It all depends. It depends on who the members are: most union members, like most potential voters in political elections, tend to be apathetic. The interested union activists are often left-wing; union officials wishing to be elected often have little choice, given low turn-outs, but to appease these militants.

It depends on the official. The Government had few quarrels with Mr Sid Weighell, the railwaymen's ex-leader. Though he was a firm Labour supporter, Tory Ministers praised him when he resigned last year—because to Conservative eyes, his industrial moderation made him, for a trade union official, both attractive and responsible.

Yet Mr Weighell, in common with Ernest Bevin, Mr Frank Chapple and Mr Joe Gormley—all populist figures—was essentially autocratic: he *led* his members from the front, rather than responded to them. In the end, too, it was precisely the democratic procedures which the Government would like to see in other unions which removed from office a man Ministers would have preferred to remain.

It depends, crucially, on the method of election. The National Union of Mineworkers, despite the recent complaints from its head office staff against Mr Arthur Scargill, its president, is constitutionally a model union in its democracy, though its elections for officers are not by postal ballot.

If all unions were as the miners, Mr Tebbit would have no case. But they are not. Take the example of Mr David Basnett, the moderate general secretary of the General, Municipal and Boilermakers' Union. Elections for the general secretaryship of the GMBU are by branch block voting—a branch meeting casts the vote of the nominal size of the whole branch, irrespective of how many members actually attend the branch meeting. In some cases, attendances have been as low as 10 per cent.

Mr Basnett won almost 30 per cent of a claimed 85 per cent poll when he secured the union's top job in 1972. Based even on branch nominal sizes, this was about 25 per cent of the union's electorate. But on actual members' voting, some estimates are that Mr Basnett received only about 15 per cent of the total possible vote.

Even the moderate Mr Terry Duffy, of the engineering workers' union, which has a system of individual, secret, postal balloting, won the union's presidency on a vote of only 18.6 per cent of the union's electorate.

Despite such examples, Britain's union elections tend to be far more democratic than those in other Western countries.

In the U.S., for instance, the proportion of appointed officials is much higher. Even where there are elections, only about 20 per cent are contested. In France virtually all union offices are elective, but in practice open contests are rare. In Belgium, most officers are returned unopposed. In Holland, as in West Germany, elections are at annual union conferences; in practice, Dutch officials tend to hold office for life. In Italy, open electioneering is not practised: behind-the-scenes manoeuvring usually decides the outcome, and the likelihood is that the most powerful regions of the unions will see that their favourite sons are chosen.

Elections can have a detrimental effect on the unpublicised part of union work: the slow, patient negotiations which make up much of union life. It is commonplace in the engineering industry, for example, where Mr Duffy's union runs periodic re-elections of all its officials at every level, that as election time draws near, it is increasingly difficult to track down, let alone negotiate with, officials because they are out electioneering.

Elected officials inevitably need to court popularity. One union general secretary said privately that the reason why he was opposed to elections was that they would inevitably force him to make decisions not just on their intrinsic merit, but on the need to line up future supporters.

Because elections can promote incompetents into posts which need both skill and administrative ability, some unions—such as the railwaymen—have tried to get round this by setting fairly stiff tests for potential electoral candidates.

Why, in any case, should unions be singled out? Why, for example, should they suffer in comparison with the bodies with which they negotiate? Many companies have elected boards—though often the elections are only nominal. So do unions, in their executive committees; not only are the vast majority of these elected, but the elections are real votes.

Why, too, should trade unions accept such major changes in the contractual position of their leading employees — elections would clearly affect both job security and pension rights—which they would fight against tooth and nail if they were proposed for their members? How many employees in any organisation would be happy to be elected, and then re-elected to their jobs?

A proper debate on union elections will begin with the publication of the Green Paper. Before all sides take up rigid positions, though, hard looks should be taken at the extraordinarily odd alliance which has been pressing for the election of officers: union left-wingers—and notably Labour's Militant Tendency—and the Conservative Right. Union left-wingers, normally vehemently opposed to everything Mr Tebbit does, suddenly find themselves, on one issue, in complete agreement with him; and vice versa for the Tory Right.

Though most have no voting rights in their unions, in practice trade union general secretaries are both influential and powerful. There are clearly good arguments for their being elected, though these are less convincing for officers lower in the structure, who have much less of an influence on policy.

Democracy, though, is never simple; care will have to be taken amid the rhetoric from both Left and Right. As one general secretary said: "If you just had elected officials, sometimes you would be lucky, and get the best candidate—but most times you would just get the noisiest."

FINANCIAL TIMES
Tuesday January 11 1983

Diamond sales begin to improve

By Kenneth Marston in London

THERE ARE signs that the worst may be over for the diamond market after a three-year recession that brought with it a wave of bankruptcies in the major cutting and polishing centres. But there could still be a long haul to recovery.

De Beers' central selling organisation (CSO), which handles the marketing of over 80 per cent of the world's rough (uncut) diamond production, reports that its gem and industrial diamond sales improved to $632.7m in the second half of last year.

This brings the year's total to $1.26bn compared with $1.47bn in 1981. However, the latest six-month total follows an increase in the first half of the year over that of the second half of 1981.

The improvement reflects the demand for the smaller and cheaper gem diamonds, which vary in size from fewer than four to the carat to as many as 20 to the carat for the polished gem. The Bombay cutting industry specialises in these gems.

Meanwhile, cutting centre stocks have been reduced to more normal levels, especially in Tel Aviv where there has been particular distress. The reduction reflects the CSO policy of withholding an unspecified proportion of mine production from the market.

This is particularly true of the larger and more expensive gem diamonds which come into the investment category and cost several thousand dollars per carat. The market for these diamonds has been, and remains, particularly weak.

The CSO is now thought to be holding a diamond stockpile worth around $1.8bn. But against the background of falling interest rates and a buoyant stockmarket in New York some signs of interest in the larger stones have begun to appear.

Mining, Page 23

Sotheby's loses £3m in year

By Antony Thorncroft in London

SOTHEBY'S, the London-based fine art auctioneers, yesterday turned in a lower loss than expected for the year to the end of August.

It reported, however, that the September-October session of the new saleroom season saw international turnover fall to £80.9m ($128.6m), against £112.2m in the comparable period of 1981.

For the year to August, the company reported a pre-tax loss of £3m, compared with a £7m profit, and loss estimates ranging from £4m to £7m.

The results show the benefit of cost-cutting measures which have resulted in a 30 per cent reduction of staff, to 1,430 at August 1982, and the closure of its Belgravia saleroom in London, its Madison Avenue site in New York, and its Californian operation in Los Angeles, all of which have cut Sotheby's overheads.

Sales in 1981-82 totalled £267m, against £353m in 1980-81. Gross revenue fell to £52.7m from £65.4m.

The concentration of Sotheby's New York operations in a purpose-built auction house on 72nd Street caused considerable disruption in the autumn season and sales in New York declined from almost £59m to £37.2m.

This also gave an advantage to Sotheby's main rival, Christies, which increased its New York turnover by 50 per cent, to £30m in the autumn.

Sotheby's plans two important auctions of Impressionist pictures, the Havemeyer and Thompson collections, in New York this year.

See Lex; Details, Page 22

Armco to cut high-cost steelmaking operations

BY PAUL TAYLOR IN NEW YORK

ARMCO, the fifth largest U.S. steelmaker, yesterday became the second major U.S. steel company in the past three weeks to announce a major reduction in capacity.

The group said it would halt certain high-cost steelmaking operations at three plants in Missouri, Ohio and Texas, resulting in a further 2,200 reduction in its workforce and a £130m special after-tax charge in the fourth quarter.

Last month, Bethlehem Steel, the second largest U.S. steel group, announced that it planned to close most operations at one of its five basic steel plants. This would reduce annual capacity by about 15 per cent, cut its workforce by 10,000 to 72,000 and result in a fourth-quarter charge against income of between $750m and $850m.

Armco said yesterday that its decision to halt certain carbon steel operations at its Houston works and carbon steel products production at its Kansas City plant, together with the writing off of the assets of the already idle coke batteries near Hamilton, Ohio, were part of the "continuing rationalisation of carbon steel operations."

The company, which in the third quarter reported a $82.3m operating loss on its carbon steel business, said the reorganisation was made necessary by the recession, the level of imports, excessive labour costs and its older and inefficient facilities.

In total, Armco has announced special charges of $265m after taxes for 1982.

During the third quarter, Armco reported a net loss from continuing operations of $52m, excluding special charges, bringing its net loss from operations for the first nine months to $27.8m and total losses to $162.3m, or $2.56 a share, compared with a net profit of $224.4m, or $3.93 a share in the same period last year.

The company said yesterday that it expected its fourth-quarter results to show a similar operating loss to those of the third quarter.

The latest reductions in the company's workforce bring the total since the start of last year to more than 16,000, including 5,200 permanent redundancies. The company's worldwide workforce now totals less than 51,000.

Of the $130m fourth quarter write-off, $8m related to "certain European operations." Armco said yesterday that part of this write-off followed its decision to sell its share in Armco-Finsider, a joint venture with the Italian state-owned steelmaker, producing prefabricated steel products, to Finsider. Neither Armco or Finsider revealed details of the deal.

Mr Harry Holiday, Armco's chairman and chief executive, said "the worldwide recession and its impact on our own economy requires prompt action to identify and act decisively on major problem areas. These actions will make Armco a stronger company and position us for significant participation in the expected economic recovery."

In November, Mr Holiday announced that the company planned to make major efforts, including the sale of $500m of non-strategic assets, to improve its balance sheet

Korf Stahl production company seeks protection in court

BY JAMES BUCHAN IN BONN

THE FINANCIAL difficulties facing the empire of Herr Willy Korf, the West German steel entrepreneur, deepened yesterday. It was announced that a first production company, Badische Stahlwerke, had followed the Korf holding company into court settlement proceedings as a protection from creditors.

Although Korf Stahl, the main domestic operating company of the Korf group and 90 per cent owner of Badische Stahlwerke, could not be reached for comment, the local court in Kehl, near Baden-Baden, indicated that an application for debt composition *(Vergleich)* proceedings had been made. In an atmosphere of extreme uncertainty, however, it was believed that the application could still be withdrawn.

With sales of DM 310m ($82.4m) in 1981 and crude steel production of 500,000 tonnes, Badische Stahlwerke is at the centre of Korf's domestic operations.

Last Friday, Korf Industrie und Handel, the holding company, announced that its decision to seek court protection would not affect either of its main operating subsidiaries, Korf Stahl, of which it holds 70 per cent, or Korf Industries of the U.S., which is responsible for its steel and engineering interests in North America. Kuwait has a 30 per cent stake in both companies.

Yesterday's surprise development raises serious questions about Korf Stahl and its subsidiaries, including Hamburger Stahlwerke, in which it has a 51 per cent stake alongside Kloeckner-Werke.

At the end of this week, a government-appointed commission of three experts is expected to publish proposals for a radical restructuring of the West German steel industry in the face of the exacerbation of the eight-year steel crisis. It was hoped that a place might be found for the troubled Korf steelmaking units in the restructured industry.

In 1981, Korf Stahl reported losses of DM 34m on sales of DM 1.27bn, largely because of the difficulties with the steel sector.

Timex to scale down Scottish operation and shed 1,900 jobs

BY MARK MEREDITH IN EDINBURGH

TIMEX, the U.S. Corporation, is to stop production of most of the watches made at its works in Dundee, Scotland.

The announcement yesterday follows news that the company has lost its contract to assemble the Nimslo three-dimensional camera at the plant.

About 500 jobs will go as a result of the lost contract, and another 1,400 because of the decision to reduce watch production.

Mr Barrie Lawson, the Timex director of operations at Dundee, said that at best 2,300 jobs would be retained. He warned that any work disruption could result in total closure.

In a clear reference to the personal computers produced at the plant for Sinclair, Mr Lawson said that a major customer had indicated that business would be seriously jeopardised if another work stoppage occurred. There was a nine-day strike over working practices last November.

The Timex factory at Dundee was set up after the Second World War. Its production of mechanical and quartz watches became threatened by the rise in sales of electronic watches at the lower end of the market.

Timex was forced to diversify by undertaking assembly work for outside companies such as Sinclair, Nimslo and IBM. It lost the Nimslo contract at the end of last month after failing to meet the camera company's production targets.

Nimslo cameras were also made at Timex's plant at Little Rock, Arkansas, in the U.S.

Mr Lawson blamed changes in technology, the decline in mechanical watch sales, the severe world recession, competitive pressure and the Nimslo decision for the company's review of the Dundee operations.

Reducing manufacturing capacity for mechanical watches and the loss of camera production, he said, had resulted "in manpower reductions of several thousand employees at locations in different countries."

The announcement yesterday was greeted with dismay in Dundee, where Timex has been the main employer. The job losses will add nearly 2 per cent to Dundee's unemployment rate, bringing it to nearly 17 per cent.

Trade union officials claimed that Timex had long planned the closure. Dr William Fitzgerald convener of Tayside regional council, said it was a major disaster because Timex was the flagship for the city.

Dundee's industrial base has been in decline for many years with the demise of the jute industry and other local heavy industry. National Cash Register, once employed 7,000 and now employs under 800.

The Timex announcement, according to one city official's calculation, means that Dundee city council will become the town's main employer.

Socal in pipeline deal with Sudan

BY RICHARD JOHNS IN LONDON

STANDARD Oil of California (Socal) yesterday finalised agreement with the Sudan Government on the construction of a 900-mile oil pipeline from the field which it is developing in the south of the country to the Red Sea.

The cost of the project including the outlay already made on the "Unity" field was put yesterday at about $2.5bn by Mr George Keller, Socal's chairman and chief executive.

Initial capacity will be 50,000 barrels a day of waxy crude.

It is understood, though, that this could be quite quickly increased to 100,000 b/d. The scale of the investment is seen as an indication of Socal's confidence in the potential of the remote region in the biggest country in Africa. Financing is to be arranged by Socal.

A Socal official in San Francisco yesterday said that bids for the construction of the producing facilities and the 21-inch pipeline system have been invited from the Japan Gasoline Company, Mannesman of West Germany, Technip of France, Snam Progetti of Italy and NACAP of the Netherlands. As yet the terminal at Port Sudan has not been included in the tender documents.

Mr Keller's figure of $2.5bn is understood to cover the terminal as well as exploration spending to date of about $600m. The aim is to export 50,000 b/d by 1985.

World Weather

		C	F			C	F			C	F			C	F
Ajaccio	S	14	57	Dubrovnik	S	11	52	Malaga	S	15	59	Salzburg	C	6	43
Akrotiri	S	16	61	Faro	S	14	57	Malta	S	16	61	Seoul	S	6	21
Algiers	F	13	55	Florence	S	6	43	Manila	S	29	84	Singapore	R	30	86
Amsterdam	C	9	48	Frankfurt	C	8	46	Miami	C	26	79	Stockholm	S	3	37
Athens	C	11	52	Funchal	F	18	65	Milan	Fg	-1	30	Strasbourg	C	7	45
Bahrain	C	17	63	Geneva	S	3	37	Moscow	Sn	0	32	Sydney	S	36	97
Bangkok	S	33	91	Gibraltar	C	14	57	Munich	C	7	45	Taipei	C	14	57
Barcelona	S	11	52	Guernsey	C	9	48	Nairobi	—	—	—	Tangier	S	16	61
Beirut	S	19	67	Helsinki	S	0	32	Naples	S	13	55	Tehran	—	—	—
Belgrade	S	3	37	H. Kong	C	13	55	New Delhi	C	16	61	Tel Aviv	S	16	61
Berlin	F	6	43	Innsbruck	S	2	36	New York	S	2	36	Tenerife	F	20	68
Biarritz	S	5	41	Inverness	S	10	50	Nice	S	12	54	Tokyo	C	9	48
Blackpool	C	9	49	Istanbul	C	7	45	Oporto	S	11	52	Toronto	C	2	36
Bordeaux	C	3	37	Jersey	C	10	50	Oslo	S	7	45	Tunis	C	14	57
Brussels	R	9	43	Jo'burg	S	32	90	Paris	C	9	48	Valencia	S	10	50
Budapest	F	7	45	Las Palmas	C	19	66	Prague	F	5	41	Venice	S	3	37
B. Aires	—	—	—	Lima	S	27	81	Reykjavik	Sl	0	32	Vienna	F	7	45
Cairo	C	17	63	Lisbon	S	8	46	Rio de J'o	C	31	88	Warsaw	R	4	37
Cape Town	—	—	—	Locarno	S	4	39	Rome	S	11	52	Zurich	S	5	41
Caracas	—	—	—	London	C	11	52								
Casablanca	S	18	64	Los Angeles	S	29	84								
Copenhagen	C	7	45	Luxembourg	Fg	5	41								
Corfu	F	14	57	Madrid	S	7	45								
Dublin	S	11	52	Majorca	S	13	55								

Readings at mid-day yesterday

C—Cloudy D—Drizzle F—Fair Fg—Fog H—Hail R—Rain S—Sun Sl—Sleet Sn—Snow T—Thunder

Renault standstill

PARIS – The Renault car assembly plant at Flins, outside Paris, remained paralysed yesterday as a strike by about 100 paintshop workers went into its fifth day.

Negotiations with the four main labour unions resumed yesterday morning following Sunday's decision to lay off 10,700 production line workers indefinitely because of the dispute.

The Mitterrand Government, mindful of state-owned Renault's pace-setting labour relations history, wants to keep any pay rises at the plant within its wage guidelines and thereby prevent a series of inflationary wage demands from spreading throughout the car group and possibly all French industry.

The paintshop workers are demanding an across-the-board monthly pay increase of FFr 300 ($45) changes in job classifications, bigger hardship allowances and an extra 10 minutes shower time.

The management has agreed to the extra shower time and has proposed an increase in the hardship allowance, but the unions have ignored the offer.

About 10,000 workers are employed at the Flins plant, one of France's biggest. Renault, like other French car companies, has been hard-hit by the recession on its international markets and has been losing ground in France despite a comparatively buoyant market.

Spanish, French ministers in talks

By David White in Paris

EIGHT MINISTERS from France and Spain gathered at a chateau outside Paris last night to try to end the impasse which has soured relations between the two countries.

Tension, stemming from differences over Spain's application for membership of the European Community and France's attitude to Basque terrorism, has worsened since President Mitterrand came to power in 1981.

The meeting, which continues today, is the first top-level contact since both countries have been under Socialist rule.

Sr Fernando Moran, Foreign Minister, and Sr Miguel Boyer, Economy and Finance Minister, are the first members of the new Spanish Government to visit France since it was installed last month. They are joined by Sr Manuel Marin, state secretary for EEC relations, and Sr Luis Velasco, state secretary for trade.

The French team includes M Claude Cheysson, Foreign Minister, and M Jacques Delors, Finance Minister.

French officials described the format of the meeting as "a bit special."

Both Governments now evidently hope they can melt the ice which M Mitterrand failed to break when he visited Madrid last June.

The Spanish side is emphasising the need for a "global" approach to relations with France, which have become concentrated on a few specific issues such as France's failure to extradite Basque separatists wanted in Spain.

The talks are therefore expected to embrace wider questions such as the medium and long-term future of the EEC and the balance of bilateral trade, which currently favours Spain.

The French have expressed some satisfaction over Sr Moran's attitude at a meeting of EEC Foreign Ministers last month. They point out that he refrained from blaming France specifically for obstructing the process of negotiations on EEC enlargement.

French officials said they were optimistic for progress on certain issues, including the question how Spanish agriculture should be absorbed into the common agricultural policy. They admitted, however, that "the problem will not go away as if by magic."

Spanish hopes of a more cooperative French attitude are better supported over the Basque issue. Madrid is counting on tighter collaboration between police forces and tougher French action against the payment of extortion money – the so-called revolutionary tax – on French soil.

The Spanish have drawn encouragement from a recent redefinition of French criteria for refusing extradition, which take into account the nature of the political regime involved and the nature of the crime.

The arrest of several leaders of the ETA separatist organisation in southwest France in November, just after the Spanish election, was also greeted as a possible breakthrough.

Reagan eases stance on tax

Continued from Page 1

adjusted tax brackets, which were in any case not part of the original Reagan tax reduction programme, could be particularly welcome to certain fiscal conservatives in Wall Street.

Another tax change which is considered almost certain is an increase in employees' contributions to the Social Security pension system. President Reagan has apparently accepted that contribution increases originally planned for the late 1980's have to be brought forward to save the system from insolvency.

He is likely to demand, however, that any such tax increase be accompanied by a reduction in benefits, which would have to be legislated with bipartisan support to defuse what has become one of the nation's most controversial political issues.

On defence spending, cuts are unlikely to be large in relation to the Pentagon's $247bn initial request. White House political strategists believe, however, that some symbolic cuts will be indispensable if the President is to win congressional approval for much bigger social spending cuts.

THE LEX COLUMN

Peak rate charge from Ma Bell

The proposed demerger of American Telephone and Telegraph, the largest company in the world in terms of assets, has a sting in the tail as far as British shareholders are concerned. They are likely to find themselves paying income tax on the value of the new shares they receive. The AT & T plan, details of which were announced before Christmas, is to strip out the regional businesses into seven separately-quoted companies, the common stock of which will be distributed to existing shareholders. If approved by a federal judge and endorsed by the Justice Department, the demerger is likely to take place by the end of the year.

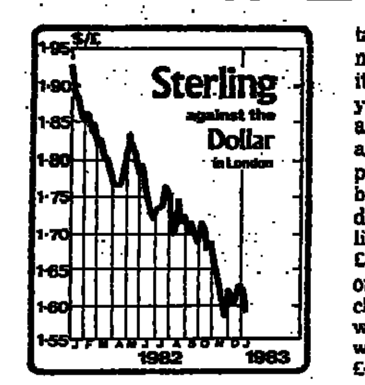
In the U.S. it has been generally accepted that stock distributions are not taxable. For good measure, AT & T is applying for specific clearance from the U.S. Internal Revenue Service. But the company has made no study of the UK tax implications. Identifiable British shareholders on its register number 1,600, holding about $39m of stock. But this is likely to be the tip of the iceberg, with the bulk of British residents holding stock through bank nominee names. With 3.2m shareholders worldwide, AT & T is one of the most widely held U.S. stocks in British portfolios.

Under UK law any distribution by a company to its shareholders, of either stock or cash, is liable to income tax in the hands of the recipient. Special legislation was introduced in the 1980 Finace Act to allow demergers without this penalty, but the legislation specifically excludes non-UK companies. The value of the shares in the seven regional companies may be as much as 40 per cent of AT & T's present stock price, now at about $65. Such a division implies a UK income tax liability of $15.60 a share at the top marginal rate of 60 per cent.

Many shareholders will seek to avoid the liability by selling cum distribution and buying back immediately after the restructuring has been completed. This was the widely adopted strategy when GM was forced to distribute its holding of Du Pont shares in the early 1960s. But that was before the 1965 capital gains legislation. This time the alternative carries a capital gains tax penalty.

Sterling

The awareness that 1983 promises to be an election year has dawned on the foreign exchanges with remarkable suddenness. Visions of a Governor of the Bank of England being forced to orchestrate a wholesale devaluation have driven sterling back below the $1.60 level while the trade-weighted index, at 81.6, is at its lowest level since the current calculating basis was introduced two years ago.



The market does not expect a Labour victory at the polls but when the fragility of the Saudi oil price may in any case be dictating the direction of sterling, it is enough of a risk to encourage hedging against an organised depreciation and the reimposition of exchange controls.

The result has been a capital outflow on a very large scale. A crude calculation suggests that the deficit on the capital account may have totalled comfortably over £1bn in December, a number which helps to explain the level of official support for the pound last month. A point or two on the base rate might help to stem the fall but sterling does not appear particularly interest-rate sensitive at present and such a move might be well be seen as an enhancement of the existing electoral risk.

Sotheby's

Sotheby Parke Bernet managed to produce better than expected year end figures yesterday, but the most significant numbers were given in its autumn sales statement. These show that Christies has overtaken its arch-rival in the auction rooms, stealing market share in the UK, and grabbing it hand over fist in the U.S. where the publicity given to Sotheby's troubles can have been no help to confidence. As a result, group sales fell by 28 per cent in the four months to December, with the U.S. down disproportionately by 37 per cent.

While these figures show the extent to which the tortoise has overtaken the hare, Sotheby's has nevertheless been adjusting fast to its reduced circumstances. In the year to August it cut staff from around 2,000 to 1,430, and pushed ahead with the major part of its plan to slim down to a smaller number of sales outlets. With some redundancy costs taken above the line, the pre-tax loss came out at £3m. But after taking in surpluses on property sales and foreign exchange adjustments to reserves, net worth fell by only £1m to £21.4m, while net debt was cut by £3m to £4.3m.

Even after the surgery, Sotheby's is still left with what looks like a higher cost base than Christies, but sale prices are now firming, and volume should be up in the second half of the year, so the group is beginning to put together a response to the recent takeover talk. The speculative possibilities, however, are still clearly reflected in the share price, which fell only a marginal 3p yesterday to 470p.

Wall Street

The latest leg of the bull market on Wall Street has a very different flavour from the rallies of 1982. This time, heavy industrial stocks have taken the lead, with steels and chemicals bounding ahead like high-tech superstars. And to judge from the high level of margin debt, which showed its biggest jump for two years in November, enthusiasm has extended beyond the banks and major investing institutions which supported equity values last year.

The end of 1982 almost certainly saw some portfolio window-dressing by fund managers anxious not to be seen with unfashionable industrial shares on their books. In some cases, these stocks finished the year 20 per cent or more below late November levels. But the strength of their subsequent recovery cannot wholly be explained by a technical rebound, when an earlier blue chip leader like Eastman Kodak is still struggling to break away from a price range which has trapped it since September.

It may be that stock prices are signalling a key change of mood. Investors may now be looking for a more rapid industrial recovery in the first quarter of 1983 than most economists have so far forecast. The rising copper price is one of several straws in the wind supporting this argument. But there is also just a hint of the old inflation psychology which may be providing support for capital-intensive stocks.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
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Burlington pays $600m for control of El Paso

BY RICHARD LAMBERT IN NEW YORK

EL PASO Company, the Houston-based energy concern, has abandoned its opposition to a takeover bid by Burlington Northern, operator of the largest rail system in the U.S.

The two groups yesterday announced agreed terms for a new and slightly revised offer, which will give Burlington control for a little over $600m.

The original bid, which was strongly opposed by El Paso, was for 25.1 million shares at $24 each. The only difference about the terms announced yesterday is that Burlington will only buy 21m shares from the public, and will purchase another 4.2m from the company itself. This will give it control of just over 50 per cent of El Paso's equity.

Burlington has also taken a "lock up" option on nearly 5 million more El Paso shares, again at $24 each. This is intended to make sure that no third party will intervene with a last-minute offer.

Only last week, El Paso told its stockholders that the price of $ 24 a share was too low, and did not represent the real value of their shares.

But the company failed to attract rival bidders either for the whole or for parts of its business, and time was running out for its management.

Some 50 per cent of its shares had been tendered in response to the original Burlington offer, and under the takeover timetable, the right to withdraw those shares would end tomorrow night.

El Paso decided to seek a friendly merger. The new deal will give the Houston concern a welcome injection of new equity. Mr Travis Petty, its chairman will join the Burlington board. El Paso's board will be reconstituted, and consist of eight Burlington nominees and five from El Paso – to be agreed on by Mr Petty and by Mr Richard Bressler, Burlington's chairman.

Burlington is not obliged to make any offer for the El Paso shares outstanding after the completion of its bid, and Shearson/American Express, its advisers, said yesterday that at present there were no plans for such an offer.

Amfas management 'takes it on the chin'

BY WALTER ELLIS IN AMSTERDAM

A DECISION to "take it on the chin" appears to have been the main motivating factor behind last month's decision by Amfas, the sixth largest Dutch insurer, to declare a 1982 loss of Fl 60m ($23.3m).

The company could, it transpires, have recorded a small profit of between Fl 10m and 15m, but chose instead to absorb, in a single blow, present and future losses in its three most troubled divisions. The result was a shock to investors – but it is argued that there are now no more shocks in store.

"Unforeseen circumstances apart, we expect our 1982 net profit to be little different from that for 1981 (Fl 43m)." With this confident assertion, the Amfas board has concluded its review of the company's performance during the first half of this year. Nor was there any reason to doubt its word – six-month earnings were Fl 20.5m, or 11 per cent down on January–June 1981, and an interim dividend of Fl 2.40 was declared, the same as 12 months before.

What happend d was that between the half-year statement on August 31 and the announcement of the loss on December 13, Amfas management moved at speed to clean up its act. After analysing the position of its London transport insurance division (bad) and the property and mortgage branch (worse), it was decided that current and prospective losses should be grouped together and accounted for in 1982. The economic recession meant that group earnings were going to fall anyway, and it was felt that a single almighty confession of failure followed by recovery would, in the eyes of investors, be preferable to a lingering series of doleful admissions.

Thus, a 1982 loss of Fl 60m was posted and, it was conceded later, a total of Fl 137m was added to contingency provisions to cover all losses to the end of 1983. By accounting sleight of hand, in other words, the sins of the future were visited entirely on the present and a profit for 1983 was built into the system.

Whether this was a smart move remains to be seen.

Océ-Van der Grinten, the Dutch photocopier group, took all losses arising from its UK Ozalid venture in the 1981 financial year. Since then Ozalid has prospered again and Océ's Fl 7.9m nosedive into debt begins to assume the unreal quality of a past nightmare.

Not all analysts and investors are convinced that Amfas's future is as rosy as the board of directors like to think. There is still the question of why the events of December could not be foreseen in August – a Fl 60m loss is no small sum after all. Even so, the company's latest forecast "that the profitability of the Amfas group will recover as early as the beginning of the 1983 financial year after due measures have taken effect" is supported by those provisions set aside from 1982. Next year would have to be truly disastrous to keep the company stuck in the red.

One leading analyst goes so far as to forecast profits next year of more than Fl 45m, and perhaps as high as Fl 75m. He even points out that no decision has yet been taken on a final dividend for 1982, leaving open the possibility that shareholders as well as policy holders (who have already been protected from this year's loss) can still dream of a cheque for 1982.

But while recovery might indeed be just around the corner, helped along by an infusion from the present financial year, Amfas still has a way to go before it can regard itself as an entirely healthy enterprise. Underwriting losses in the international transport insurance field incurred by the London end of the Zeven Provincien division have been mounting for much of the past year. Provisions of Fl 45m have been made, and no further business is to be contracted.

For the same reason, Amfas is pulling out of credit insurance, and Fl 17m in provisions has been put up to make good the damage caused. Finally, and most crucially, Fl 75m has to be found to cover losses in the failing property and mortgages division.

In the 1970s, while its main Dutch rivals were moving determinedly into international insurance, Amfas took a decision to diversify into property. At the time, it seemed a safe bet. Prices were rising, there was a housing shortage, and companies were almost falling over each other in the quest for prestige sites.

Not any more. For the last two years, property prices have slumped in the Netherlands, and the demand for mortgages has fallen as a result of previously high interest rates, Government restrictions and an unwillingness on the part of many owners to sell at a loss.

Real estate companies are hopeful that 1983 will see the beginnings of an upturn, bringing with it the possibility of a sharp improvement in the Amfas property portfolio. That, however, is for the future.

For the moment, Amfas is confident that the worst is over. A new management team was dispatched to London last month, and there have been significant changes at the Dutch end, too. Mr Leon Collignon, the new chairman elected to replace Mr Jan de Wilde, starts his period in office with a clean sheet. Amfas may have taken its losses on the chin: it is certainly not taking them lying down.

Takeover victory for National Distillers

By Our Financial Staff

SUBURBAN PROPANE, a New Jersey energy company, has agreed to a $275m takeover bid from National Distillers, a New York-based maker of alcoholic drinks and industrial chemicals.

The deal ends a short but hectic battle between National Distillers, the Bass family of Texas and the Belzberg family of Canada.

Suburban Propane had agreed last month to be taken over for $45 a share by Proco Holding, a newly-formed company owned 80 per cent by the Bass family and 20 per cent by seven senior managers of Suburban. This was an apparent attempt to thwart the Belzbergs, who subsequently sold their 8.2 per cent share in Suburban to National Distillers for $52 a share.

National Distillers and Suburban agreed yesterday to a $51 a share deal raising a previous offer of $48.50 a share, and Proco agreed to undo its agreement.

Mr Jim Balakian, an analyst with Merrill Lynch, said Suburban was "ripe to be acquired. It has a strong balance sheet, oil and gas reserves that were undervalued and its propane distribution facilities gave it a stable source of income."

Suburban distributes propane in 40 states, achieving a volume of around 500m gallons a year. Mr John Henry, an analyst with E.F. Hutton, said a takeover by National Distillers were "a nice fit" because the distiller has a petrochemicals division which extracts propane.

National Distillers said earlier this month that it wanted to acquire Suburban because it thinks propane, which accounts for about one half of Suburban's profits and sales, is a promising heating fuel.

Canadian move to protect depositors

By Nicholas Hirst

DEPOSITORS in three Canadian trust loan companies, whose assets have been placed under the trusteeship of an Ontario provincial agency, yesterday were making anxious inquiries of the Government and the companies about the safety of their money. But a feared run on deposits failed to materialise.

The Ontario Government on Friday placed the combined C$2bn of assets in Greymac Trust, Seaway Trust and Crown Trust, the 12th largest trust firm in the country, in the hands of the registrar of loan and trust companies. The move was to protect depositors and creditors' interests.

All three companies are the subject of a provincial government investigation into their role in providing C$152m of mortgage money as part of a financing package for the sale of 11,000 apartments. The apartments were formerly owned by Toronto-based international property developer, Cadillac Fairview.

At Crown Trust's main branch in Toronto, company officers were on hand to reassure depositors that their money was safe. "There is more activity than normal, naturally," Mr Jack Visser, a vice-president of Crown, said. "But it is far removed from a run on the money and it shows that our customers have a lot of faith in us."

Modest rise for MGM/UA

By Our Financial Staff

MGM/UA Entertainment, one of the major U.S. film producers, has reported a marginal increase in net profits for the first quarter ended November 30. They rose to $10.47m, or 21 cents a share from $9.83m, or 20 cents a share. Revenues dipped, however, to $204.1m from $208.4m.

The latest profits included continuing successful domestic and international returns from Rocky III and Poltergeist and encouraging domestic returns from Pink Floyd The Wall and My Favorite Year, released in the first quarter.

Mr Frank Rothman, chairman, said after yesterday's annual meeting that the second quarter 'will look all right, although no big picture is anticipated.'

The company is looking forward to a period of greater profitability in the future, he added. It will benefit this fiscal year from a promising line-up of films, and a substantial reduction in interest expense. He made no specific forecast for the year. In fiscal 1982, MGM-UA earned $27.5m, or 55 cents a share, down from $23.16m, or 68 cents the year before.

Revenues for the fiscal year ended last August were $806.3m, up 169 per cent from a year earlier, reflecting the first time inclusion of United Artists.

FRENCH PUBLIC SECTOR RESULTS TO BE PUBLISHED

State groups lose over $2.5bn

BY DAVID MARSH IN PARIS

THE 11 key industrial companies controlled by the French Government chalked up overall losses of about FFr 17bn ($2.56bn) in the 18 months up to mid-1982, according to figures published yesterday by the Ministry of Research and Industry.

The statistics cover the five major companies at the centre of last year's nationalisation programme – Rhône Poulenc, Pechiney Ugine Kuhlmann, Saint Gobain, Compagnie Générale d'Électricité and Thomson – as well as the steel sector and other industrial concerns such as Renault which were already state-owned.

Announcing the figures at a press conference, M Jean-Pierre Chevènement, the Minister for Research and Industry, said they showed the "very difficult" position of public-sector enterprises caused by recession, rising financial charges and their past history of low investment.

The statistics form part of an "observatory" of the public sector which M Chevènement's ministry is to publish every six months. The aim, as he puts it, is to keep the companies' 54m shareholders informed about their financial performances, social policies and contribution to the country's balance of payments.

Yesterday's figures do not go much beyond those already made available by the companies themselves as part of normal reporting procedures. M Chevènement, who said the data were intended as a "discipline" for the companies' management, underlined that the first batch of figures represented simply the first stage in the provision of more information.

The profit-and-loss figures have to be treated with caution because of the lack of a uniform basis for consolidation and varying accounting procedures for special charges and receipts.

Ironically, Compagnie Générale d'Électricité, the electrical conglomerate which is the most profitable of the companies taken over last year, is the only one not to furnish profit figures for the first half of 1982.

The general scale of losses for the first half – about FFr 5.6bn for the companies covered – is roughly the same as in 1981, when the total deficit came to around FFr 11.4bn.

M Chevènement admitted that for some companies such as Thomson, Renault and CII-HB, losses for 1982 would be greater than for 1981. But he identified some positive signs such as the large increase in first-half turnover last year for Rhône Poulenc, Thomson, Renault, CII-HB and CGE.

He pointed out that the 11 public-sector companies accounted for about FFr 110bn worth of exports in 1981.

He hoped the inventory could be extended to include nationalised companies not directly under the Ministry's control, including those in the defence sector such as Matra and Dassault

The Government last year made available extra funds worth FFr 15bn through the budget and the banking system to boost the companies' investment and cover losses.

FRENCH NATIONALISED COMPANIES – FIRST HALF 1982 (FFr m)

	Consolidated turnover	Net result
Rhône Poulenc	20,841	+345
PUK	20,882	–1,555
Saint Gobain	24,430	+112 (1)
CGE	25,660	n.a.
Thomson	22,770	–119
CII-HB	3,444	–501 (2)
Entreprise Miniere et Chimique	4,551	–69
CDF-Chimie	6,493	–595
Usinor	14,788	–1,283 (2)
Sacilor	13,100 (3)	–986 (2)
Renault	50,384	–900 to 1,000 (3)

(1) Indication, excluding information business
(2) Solely for parent company
(3) Order of magnitude only

Source: Ministry of Industry

Italy appoints new Consob chairman

BY JAMES BUXTON IN ROME

THE ITALIAN Government has finally appointed a new chairman for Consob, the country's stock exchange watchdog authority, which has been leaderless for almost five months.

The new chairman, appointed at the weekend, is Sig Vincenzo Milazzo, who for the past nine years has held the post of Italy's auditor general.

He succeeds Professor Guido Rossi, a U.S.-trained tax lawyer who became chairman of Consob in February 1981, with the declared intention of making the Consob an active and effective body and thereby making the Milan Stock Exchange both more reputable and more effective as a capital market.

Prof Rossi obtained the swift approval of Parliament for measures giving the Consob larger staff and an office in Milan, where the main stock exchange is, as well as its headquarters in Rome. But he was not able to get these authorisations actually translated into action, so the Consob remains chronically under-staffed and unable to fulfill its proper functions.

A law to permit mutual funds as a way of attracting more small investors and capital to the stock exchange is still held up by Parliament.

Prof Rossi resigned unexpectedly in August after the collapse of Banco Ambrosiano. He claims that the Treasury Ministry, which appointed him, and the Bank of Italy, the central bank, misled him when in early May he brought Banco Ambrosiano onto the market with a full quotation as a means of forcing it to come clean about its affairs. Six weeks later dealings in the bank were suspended and 38,000 small shareholders lost their money.

The new chairman, who is 59 and has a high reputation as a strong and impartial administrator, will have to try to obtain the implementation of the authorisation of the measures to strengthen the Consob and confront a stock exchange where trading is at a somnolent level. After an average fall of 14.5 per cent in share values last year, the market has already gone down almost 2 per cent in the first week of 1983.

Brokers are depressed by the new restrictive measures of the government and by the government's continuing colossal need for funds with which to finance its deficit.

The Government of Sig Amintore Fanfani has yet to appoint a new chairman and director general for the Banco di Napoli, the seventh largest bank in the country, which was left leaderless after the resignation of Dr Rinaldo Ossola as chairman in early December. The appointment of new executives is held up by disagreements over related appointments between the main political parties

INTERNATIONAL COMPANIES and FINANCE

GOVERNMENT HOPES TO MEET DEBT PAYMENTS WITHOUT RESCHEDULING

Yugoslav spending squeezed

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

YUGOSLAVS will have to take an average 7.5 per cent cut in real pay this year – the fourth consecutive annual reduction – according to the 1983 national plan just unveiled by the Federal Government.

This drastic squeeze will be coupled with cuts of 10 per cent in federal spending and of 20 per cent in fixed investment expenditure. It is designed to complement and encourage international efforts to help Yugoslavia over the hump of meeting foreign debt obligations of more than $4bn in both 1983 and 1984, without rescheduling.

Despite the pruning of consumption and investment, the Belgrade Government of Prime Minister Milka Planinc is hoping that the economy will grow overall by 1 per cent this year, with increases of 2 per cent in industrial output and 2.5 per cent in agriculture. Last year industrial production dropped by 0.3 per cent compared with 1981, the first decline since the Soviet trade blockade in 1951/52.

International efforts to help Yugoslavia maintain regular payments on its $18bn foreign debt comprise:

● A three-year standby credit from the International Monetary Fund (IMF), from which the IMF is very shortly expected to release the third and final tranche of 554m Special Drawing Rights.

● Consideration by the Bank for International Settlements (BIS) of Yugoslavia's request for a $500m "bridging loan".

● *Consideration by western governments of further aid.*

The BIS originally balked at the amount, and particularly the duration, of the loan requested by Yugoslavia. It now appears to be giving it serious consideration, to bridge the gap before Yugoslavia can benefit from longer-term credit now being discussed by western governments.

Officials from the U.S., West European and Japanese governments met in Berne last week under the chairmanship of the Swiss State Secretary for Foreign Affairs, M Raymond Probst, to discuss what aid they might give Belgrade.

Such aid could not be as quickly forthcoming as that from BIS central banks, officials said. But each government was examining the means at its disposal. The U.S. is considering underwriting $150-$170m of Yugoslav purchases of U.S. feed grains. The UK and other European governments say they might increase export credit cover for Yugoslavia's industrial purchases.

In return, western officials say they would want to see the continuance of policies already detailed by the IMF and applied by the Planinc Government.

These include real wage reduction, further depreciation of the dinar to blunt the effect of inflation on Yugoslav export competitivity, increased housing and electricity charges to stimulate construction and encourage conservation, and higher interest rates and better monetary controls.

Bank interest rates are due, anyway, to rise on February 1, for the third time in 12 months. The borrowing rate rose to 15 per cent last March 1 and to 20 per cent last summer. Next month it will be 28 per cent, with a corresponding increase in deposit rates. Inflation ran at an annual 30 per cent last year.

Negotiations for aid to Yugoslavia are geared to the fact that the country traditionally faces a balance of payments pinch in the first half of the year, until hard currency from tourism and emigrant remittances starts to flow. The provisional estimate for the 1982 hard currency deficit on the current account is $900m, down from $1.4bn in 1981.

Deutsche Bank launches $200m bond

BY ALAN FRIEDMAN IN LONDON

DEUTSCHE BANK yesterday launched a $200m seven-year Eurodollar bond, thus completing a six-month programme of borrowings on the Eurobond market designed to restructure part of the bank's long-term international liabilities.

The newest bond issue – a 10½ per cent offer with 25 per cent payable now and the balance next summer – brings to $710m the total amount of funds raised since August. Each of the four deals has involved an interest-rate swap transaction under which Deutsche Bank has managed to obtain floating-rate liabilities from swap counterparties, which pay the fixed-interest bond coupons.

As a result of the six-month programme, Deutsche Bank has been able to achieve a maturity match between these Eurobond borrowings and some of its own Euromarket loan book. Short-term liabilities have been converted to longer term floating rate debt and the bank's general liquidity position has been boosted.

A senior Deutsche Bank executive said last night that the bank was aware that by issuing four Eurobonds in recent months it had partially sacrificed its scarcity value in the market. "But the approach of our bank has always been conservative and we hope the market will realise we are being prudent," said the executive.

Deutsche Bank had "almost completed" its programme of maturity matching and restructuring with the latest Eurobond.

The Deutsche Bank 10½ per cent bond is managed by the borrower itself, Credit Suisse First Boston, Nomura Securities, Morgan Guaranty and Morgan Stanley in what amounts to a club deal.

Elsewhere in the Eurodollar sector yesterday, prices were marked ¼ point higher after a day of quiet trading. A $150m floating rate note issue is being arranged for Credit Lyonnais in the Far East by the borrower and Nomura Securities. The paper pays ¼ point over London Inter-bank offered rate

In the sterling sector Sweden yesterday launched a £50m bulldog bond with a 27-year maturity (2010) and a pricing planned for tomorrow (Wed) at 225 basis points above the gross redemption yield on the 13½ per cent Treasury Stock 2004–08.

At this level last night the Swedish bonds would yield 13.60 per cent.

$100m credit for Turkish refinery

By Peter Montagnon in London

TURKEY is reinforcing its gradual return to creditworthiness in the Euromarkets with a $100m credit, guaranteed by the Finance Ministry, for its state oil refinery Ipras.

The credit, which bears a margin of 1 per cent over London Eurodollar rates for one year, has been arranged through a group of mainly Arab banks, comprising Bankers Trust, Gulf International, Kuwait Foreign Trading, Contracting and Investment and National Bank of Kuwait.

Turkey is gradually recovering from protracted and severe debt problems in the late 1970s. Last year it arranged a $200m, three-year credit for its rural bank T.C. Ziraat Bankasi to prefinance agricultural exports.

Bankers say, however, that neither that nor the present deal yet marks a recovery strong enough for Turkey to return to the market for conventional syndicated Eurocredits.

The $100m facility is particularly attractive because it is short-term and oil-related, bankers say.

In other deals, Greece's national oil refinery is raising £105m through a five-year sterling acceptance facility bearing a commission of ¾ per cent and led by County, Dai-Ichi Kangyo, Grindlay Brandts, Lloyds International, Samuel Montagu and Sumitomo banks.

A much smaller sterling acceptance facility of £30m is being arranged for Electricidade de Portugal, through Samuel Montagu and Banco Nacional Ultramarino.

The borrower which has been very active in the Euromarkets in recent months is pressing ahead with the deal

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 10.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	110¼	110¾	0	-1¼	10.94
Amex O/S Fin 14¼ 89	75	107⅝	108⅛	-0⅝	-1½	12.28
Amro Bank 13 89	200	105⅞	106¼	0	-1⅛	11.65
BHP Finance 14⅜ 89	150	107⅝	108⅛	0¼	-2½	12.81
Bk Montreal 14½ 87	100	107¼	107¾	-0⅛	-1⅛	12.13
British Col Hyd 14¾ 89	200	110¼	110¾	0	-0⅞	12.23
British Col Hyd 15¼ 92	150	115⅛	115⅝	-0⅞	-1½	12.37
Canada 14⅜ 87	750	111	111½	0	-0¼	10.98
Canadair Ltd 12½ 89	175	104¾	105¼	-0⅛	-1⅛	11.39
Canadian Wheat 11¼ 90	50	99⅛	99⅝	-0⅛	-0⅝	11.38
Can Pac Sec 14⅝ 92	75	107½	108	-0¼	-1	13.19
Can Pac Sec 15 89	75	106⅛	106⅝	-0⅛	-0⅝	13.40
Citicorp O/S 15 84/92	100	105⅜	105⅞	0	0	9.92
Coca Cola Int 11¾ 89	100	106⅜	106⅞	-0⅛	-1⅛	10.37
Credit Suisse 10½ 89	100	101⅜	101⅞	-0⅛	-0⅝	10.16
Deutsche Bk Fin 14¼ 89	300	109	109½	+0⅛	-1	12.89
Du Pont 11¼ 95	150	101⅛	101⅝	-0⅛	-1⅜	11.04
Du Pont 14⅛ 89 WW	200	107½	108	0	-0¼	12.30
E.D.C. 10⅜ 88	100	98⅝	99⅛	-0⅛	-0½	11.02
E.D.F. 12⅜ 87	150	102⅞	103⅜	-0⅛	-0⅝	11.83
E.E.C. 11½ 95	200	98	98½	–	–	11.78
E.I.B. 15½ 92	100	111¾	112¼	-0⅝	-1½	13.17
Eksportfinans 14½ 89	50	106½	107	-0¼	-1	12.83
Exp Dev Corp 11⅜ 87	100	102⅛	102⅝	0	-0⅝	11.06
Forsmarks 13⅝ 92	75	104	104½	-0⅛	-0¾	12.93
Gaz de France 12⅞ 93	175	19½	20	0	-0⅞	12.27
Gen Elec Credit 12 88	100	106⅝	107⅛	-0¼	-1⅛	10.50
Getty Oil Int 14 89	125	108⅝	109⅛	-0⅛	-1⅜	11.86
GMAC O/S Fin 15 87	100	108⅜	108⅞	0	-1⅛	12.26
GMAC O/S Fin 15 89	125	109½	110	-0¼	-1⅞	12.83
Gulf Oil Fin 12¼ 87	100	104⅝	105⅛	-0⅜	-1⅛	10.64
IBM World Trade 12⅝ 92	200	108⅝	109⅛	-0¼	-2½	10.72
Lloyds Euro 11½ 94	100	41⅜	41⅞	–	–	9.18
Manitoba Prov 11¾ 89	125	104⅝	104⅞	-0⅛	-1⅜	10.75
Manitoba Prov 13⅜ 89	100	108⅝	108⅞	-0⅛	-1⅞	11.79
Midland Int Fin 11½ 92	150	99⅛	100⅜	+0⅛	-1	11.47
Nat West Fin 11⅜ 92	150	100⅞	101⅜	-0⅛	-0⅝	11.54
New Brunswick 15¼ 87	75	110⅜	110⅞	+0⅛	-1	12.02
Newfoundland 15½ 90	75	110⅝	111⅛	-0½	-1⅞	13.06
Nova Scotia Prv 15¼ 89	75	113⅛	113⅝	-0½	-1⅜	12.13
Ontario Hydro 12¾ 92	200	106½	107	-0⅛	-1¼	11.54
Ontario Hydro 14⅜ 89	150	111⅜	111⅞	-0½	-1¼	11.98
Ontario Hydro 15 92	150	114⅞	115⅜	-0⅝	-2	12.28
Prudential O/S 12⅜ 87	150	105⅞	106⅜	0	-0⅞	11.08
Quebec Hydro 11½ 92 D	100	98⅝	99⅛	0	-0½	11.69
R. J. Reynolds 12⅜ 89	100	105½	106	-0¼	-1¼	11.45
Saskatchewan Prov 15 92	150	113¾	114¼	-0½	-2⅜	12.39
Shell Canada 14⅝ 92	125	107⅞	108⅜	0⅛	-0½	12.80
Superior O/S Fin 14 89	125	107½	108	-0⅜	-0¾	12.14
Swed Exp Credit 14⅜ 90	100	107½	108	-0¼	-1⅞	13.00
Swiss Bk Corp 10¼ 90	125	99¾	100¼	–	–	10.25
U.B.S. 10⅜ 87	200	103½	104	0¼	-0⅛	9.73
U.B.S. 11 89	150	103⅝	104⅛	0¼	-0¼	10.17
Walt Disney Pro 12½ 89	75	105½	106	0	-0¾	11.14
World Bank 10⅞ 90	200	98½	99	-0⅛	-1⅛	11.14
World Bank 11⅛ 98	100	98½	99	+0⅛	+1⅛	11.38
World Bank 13⅛ 87	300	106⅛	106⅝	-0¼	-0½	11.39

Av. price changes: on day -⅛, on week -1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	101⅛	101⅝	-0⅛	-0⅜	8.04
Asian Dev Bank 8¼ 92	150	100⅛	100⅝	-0½	-0⅞	8.19
Asian Dev Bank 9¼ 92 (A6)	150	105⅛	105⅞	+0⅛	+1	8.38
Australia 7¾ 92	200	104¾	105½	0	-0⅜	7.00
Bayer Capital 7⅝ 89	150	101¼	102	+0⅛	+0¼	7.31
Beecham Fin 8⅛ 97	125	102¾	103½	-0⅜	-0⅛	7.85
Black & Decker 9⅛ 89	100	105½	106	0	0	7.96
Caisse Nat Tele 9½ 92	100	105⅜	106⅛	0	-0⅛	8.52
E.C.S.C. 8 94	200	102⅜	102⅞	0	+0¼	7.65
E.E.C. 8 94	200	102	102¾	0	-0⅜	7.68
E.I.B. 8⅛ 92	200	103⅛	103⅞	0	+0⅛	7.73
GKN 8⅝ 89	100	98⅞	99⅝	0	0	8.51
Gould Int Fin 8¼ 89	75	102½	103	+0⅛	-0⅛	7.72
Ireland 8⅞ 91	150	99	99½	-0⅜	-1¼	9.01
ITT Antilles 9¼ 92	100	106⅜	107½	+0⅛	0	8.14
Mitsubishi Heavy 7⅞ 87	150	100⅜	101⅛	-0⅛	-0⅛	7.37
Norsk Hydro 8½ 92	100	106¼	107	0	+0⅛	7.48
Norsk Hydro 9 92	100	106½	107¼	+0⅛	-0⅜	7.94
O.K.B. 8⅞ 89	100	104⅜	105⅛	+0⅛	+1⅜	7.86
Philips Lamps 8½ 92	100	106⅞	107⅝	0	+1⅛	7.39
Sweden Kingdom 8¼ 89	150	102⅝	103⅜	0	0	7.67
Tenneco Int 8 92	100	105⅜	106⅛	0	-0¼	8.99
World Bank 8¼ 92	200	103¼	103¾	+0⅛	-0¼	7.73
World Bank 9 92	200	106⅝	107⅜	+0¼	-0⅜	7.82

Av. price changes: on day +⅛, on week -⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 6¼ 92	100	103⅞	103⅜	-0⅛	-2⅜	5.88
Bowater In Fin 6 92	100	104⅛	104⅜	–	–	5.43
Chugoku Ele pow 6⅛ 91	100	101¾	102	–	–	5.83
City of Oslo 6¼ 92	100	105½	105¾	-0¼	-0⅜	5.49
E.E.C. 6⅜ 92	100	104⅜	104⅝	-0⅜	-0⅞	5.63
E.I.B. 6⅛ 92	100	103½	103¾	-0⅜	-0⅜	5.75
Europarat 6¾ 92	100	104¼	104½	-0¼	-0¾	6.14
First Interstate 6 92	100	104⅛	104⅜	–	–	5.43
Gaz de France 6 93	100	102⅛	102⅜	–	–	5.70
Ind Bk Japan 6¼ 92	100	103½	103¾	+0⅛	-0⅜	5.75
Japan Air Lines 6 94	100	104⅞	105⅛	-0⅛	-0¼	5.41
Japan Dev Bk 5⅛ 92	100	100⅝	100⅞	–	–	5.15
Kawasaki Steel 6½ 92	100	103	103¼	-0½	+1⅜	6.06
KLM Dutch Air 6¼ 92	80	104¼	104½	-0½	+0⅜	5.66
Kyushu Elec Power 6 92	100	101⅛	101⅜	–	–	5.83
Montreal Urban 6½ 92	100	105⅝	105⅞	-0⅝	-1⅜	5.71
New Zealand 5¼ 92	100	102⅛	102⅜	-0½	-0⅞	4.96
Nissmin Steel Co 6⅝ 92	100	100⅜	100⅝	–	–	6.30
O.K.G. 6⅜ 93	60	100¼	100½	–	–	6.70
Philip Morris 5¼ 92	100	103	103¼	0¼	-1	4.84
Philips Lamps 5¾ 92	100	104⅛	104⅜	0⅜	-0⅞	5.18
Quebec 5¾ 92	100	102¾	103	–	–	5.37
Sweden Kingdom 5⅞ 92	100	100½	100¾	0¼	-0⅜	5.79
Tokyo Elec Power 5⅞ 92	100	102⅞	103⅛	-0⅛	-1⅜	5.47
Tokyo Metropolis 5⅛ 92	100	100¾	101	0	-0¾	5.26
World Bank 6¼ 92	100	104¼	104½	0	-0½	5.65

Av. price changes: on day -⅛, on week -¾

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	107⅝	108⅜	-0⅛	-1¼	7.44
E.I.B. 8¼ 92	15	105	105¾	-0⅜	-1⅜	7.43
Japan Airlines 7⅞ 87	8†	102½	103	0	-1¼	7.07
New Zealand 8⅞ 87	15	106⅝	107⅛	-0⅛	-1⅛	8.66
World Bank 8⅞ 92	20	106	106⅜	0	-2⅜	7.39

Av. price changes: on day -¼, on week -1⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17¾ 88 CS	50†	113⅛	113⅝	0¼	-0⅛	13.50
Con Utilities 17 87 CS	35†	113¾	114¼	-0½	-0⅛	12.72
Gaz de France 15 89 CS	75†	106	106½	-0⅛	-0½	13.51
Gaz Metro 17¼ 80 CS	20†	109	110	0	0	15.05
O K B. 16¼ 88 CS	83†	111⅛	111⅝	-0⅜	-1⅛	13.10
Quebec Hydro 14 92 CS	60†	107¾	108¼	0	-3⅛	12.52
Univ Quebec 16⅛ 87 CS	17†	104	104½	0	0	15.15
E I B. 12½ 90 Ecu	60	106	107	-0⅛	-1½	11.54
Amfas 9½ 87 Fl	60	106⅛	106⅝	-0⅛	-0⅛	7.81
Amro Bank 9¼ 87 Fl	100	106⅛	106⅝	0⅛	-0⅜	7.37
Heder Midbk 9⅛ 87 Fl	100	107	107½	0⅛	-1	7.43
Nedlloyd Grp 10⅛ 87 Fl	75	108⅜	109⅛	0⅛	-0½	7.93
Van Lanschot 10⅛ 87 Fl	50	108½	109	-0⅛	-0⅜	7.95
World Bank 10 87 Fl	100	109⅝	110⅛	-0½	-0⅜	7.47
O.K.B. 14 86 FF	400	98	99	-0⅜	-1½	14.60
Solvay & Cie 14⅛ 86 FF	200	97¼	98¼	-0⅛	-1⅛	15.04
B.F.C.E. 14½ 87 £	30	106⅛	107⅛	0	0⅛	12.37
B.N.P. 13½ 91 £	15	101⅛	102⅛	0	0⅛	13.03
C.E.C.A. 13⅜ 88 £	20	102⅜	103⅜	0	0⅛	12.73
C.N.T. 12½ 89 £	20	99⅜	100⅛	0⅛	0⅛	12.41
Fin For Ind 12⅛ 88 £	30	101	102	0⅛	0½	11.85
Fin Mat Granj 12⅞ 92 £	30	22⅞	23⅜	0⅛	0⅛	12.95
Gen Elec Co 12½ 89 £	50	101⅞	102⅜	0⅛	0½	11.92
Hiram Walker 14¼ 86 £	25	104⅝	105⅝	0	0⅛	12.18
Mort Bk Fin 11¾ 89 £	15	23½	24½	0	0⅛	13.23
Norsk Hydro 14½ 87 £	30	106⅝	107⅝	0	0⅛	12.35
Quebec 14½ 89 £	30	104⅛	105⅛	0⅛	0⅛	13.18
Quebec 15½ 87 £	35	107⅞	108⅞	0	0⅛	12.76
S D R. France 15½ 92 £	30	104⅞	105⅞	0	0⅛	14.28
S N C.F. 11½ 89 £	30	20⅞	21⅜	-0⅛	0⅛	12.47
Tenneco Int 14⅜ 87 £	30	103⅛	104⅛	0	0⅛	13.34
World Bank 11⅜ 91 £	75	24½	25⅛	0	0⅛	12.47
Eurofima 10½ 87 LuxFr	500	99⅛	100⅜	0	-0⅜	10.37
Europarat 12½ 92 LuxFr	500	104⅝	105⅜	0	-0¼	11.56

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98	98½	15/4	10⅝	10.81
Bank of Tokyo 5¼ 91 (D)	0⅛	99⅝	100⅛	18/6	9¾	9.76
Bank Nova Scotia 5¼ 93	0⅛	99⅜	99⅞	29/4	10½	10.54
B F C E 5¼ 87	0⅛	99⅜	99⅞	27/1	14	14.05
Caisse Nat Tele 5¼ 90	0¼	99½	100	21/4	10.56	10.58
C.C.C.E. 5¼ 2002	0⅛	98¼	98¾	11/3	9⅞	10.03
Cepme 5¼ 92	0⅛	99½	100	19/8	9.94	9.95
Chemical NY 5¼ 94 ††	0¼	99¾	100¼	23/3	9.94	9.94
Credit Agricole 5¼ 97	0¼	99⅝	100⅛	24/3	12⅝	12.69
Credit du Nord 5¼ 92	0¼	99⅜	99⅞	23/6	10⅛	10.16
Credit Lyonnais 5¼ 97	0¼	99⅞	100⅜	1/4	12.19	12.17
Credit Lyonnais 5¼ 94	0⅛	99½	100	5/7	9⅞	9.77
Credit Nat 5¼ 94 ††	0¼	99⅜	99⅞	9/3	12.18	12.23
Kansallis Osake 5½ 92	0¼	99⅝	100⅛	8/5	10.86	10.86
Lloyds Eurofin 5¼ 93 §	0⅛	100	100½	20/4	10.56	10.54
Long Term Cred 5¼ 92	0¼	99⅝	100	27/5	10⅛	10.14
J.P. Morgan 5¼ 97 §	0¼	100	100½	14/2	10.86	10.04
Nat West Fin 5¼ 91 §	0⅛	99⅞	100⅜	15/1	15¼	15.23
New Zealand 5⅛ 87	0⅛	100⅛	100⅝	7/4	12½	12.42
NZ Steel Dev 5¼ 92	0⅛	99⅞	100⅜	22/6	10.10	10.10
Nippon Credit 5¼ 90	0⅛	99⅝	100⅛	18/2	13⅞	13.86
Offshore Mining 5¼ 91	0⅛	99⅞	100⅜	2/6	10.44	10.42
PKbanken 5 91	0⅛	100⅛	100⅝	17/6	10	9.96
Scotland Int 5¼ 92	0⅛	99⅝	100⅛	23/3	13⅛	13.25
Sec Pacific 5¼ 91	0⅛	99⅞	100⅜	24/5	10.85	10.85
Société Générale 5¼ 95	0¼	99½	100	11/3	12.81	12.84
Standard Chart 5¼ 91	0⅛	100	100½	15/5	10.69	10.66
Sweden 5¼ 89	0⅛	99⅛	99⅝	26/2	11.81	11.88
Toronto Domin'n 5¼ 92	0⅛	99⅝	99⅞	11/2	14.31	14.40

Av. price changes: on day 0, on week -⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	94⅞	96⅛	-3⅛	4.85
Bridgestone Tire 5½ 96	3/82	470	101⅛	103	0⅛	2.38
Canon 7 97	7/82	748.2	183⅝	185⅛	0	-0.14
Chugai Pharm 7¼ 96	7/82	789.6	157	158	-5	4.51
Fujitsu Fanuc 4¼ 96	10/81	5614	99	101	0⅛	18.33
Hitachi Cable 5¼ 96	2/82	515	100⅛	101⅛	-1⅛	8.03
Hitachi Credit Corp 5 96	7/81	1812	98⅞	100⅞	-3⅛	28.96
Honda Motor 5½ 97	3/82	835.6	127	128½	0⅛	3.66
Kawasaki 5⅜ 96	9/81	229	74	75½	-0⅛	22.29
Kumagai Gumi 6½ 97	10/82	480	117¼	118¾	-4½	3.08
Marui 6 96	7/81	846.4	126⅛	127⅝	-2⅛	4.95
Minolta Camera 5 96	10/81	826.4	75⅜	76⅜	-0⅛	36.77
Minorco 9¼ 97 †	5/82	8.16	152	154	-5	2.64
Murata 5¼ 96	7/81	1971	95¼	96⅜	-0⅛	11.26
NKK 6½ 96	7/81	188	81½	83	0	13.82
Nippon Electric 5½ 97	2/82	804.2	125⅛	126⅝	-2	4.14
Olympus Optical 6⅜ 97	12/82	1331	109⅝	111⅛	-1⅛	5.82
Orient Finance 5⅛ 97	3/82	1205	111⅛	113⅛	-1⅛	1.53
Sanyo Electric 5 96	10/81	652	87⅛	89⅛	0	17.80
Sumitomo Electric 5½ 97	3/82	577.3	99	100½	-1½	3.89
Sumitomo Metal 5⅛ 96	10/81	296.1	72⅛	73⅝	0	21.97
Olympus Opt 4½ 92 SF	12/82	1331	107⅞	109⅞	0⅞	13.33
Konishiroku 6⅛ 88 DM	8/82	616	116⅛	117⅛	0⅛	8.70
Mitsubishi Heavy 6 89 DM	2/82	263	106⅛	107½	-1⅜	9.90
Sun Realty 6¼ 92 DM	2/83	365	112	113	-2	6.44

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cov date – First date for conversion into shares. Cov. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares

North American Quarterly Results

AMERICAN HOIST	1982 $	1981 $
Fourth quarter		
Revenue	96.6m	132.2m
Net profits	†16.1m	5.6m
Net per share	†2.62	0.90
Twelve months		
Revenue	484.2m	574m
Net profits	†21.8m	20.4m
Net per share	†3.46	2.28

† Loss

CSX	1982 $	1981 $
Fourth quarter		
Revenue	1.14bn	1.43bn
Net profits	178m	138.1m
Net per share	4.26	3.34
Twelve months		
Revenue	4.91bn	5.43bn
Net profits	338.4m	367.7m
Net per share	8.10	8.92

GENERAL CINEMA	1982 $	1981 $
Fourth quarter		
Revenue	225.6m	204.5m
Net profits	12.2m	13.9m
Net per share	0.65	0.63
Twelve months		
Revenue	885.9m	823.6m
Net profits	48m	44.3m
Net per share	2.38	2.00

HARNISCHFEGER	1982 $	1981 $
Fourth quarter		
Revenue	93.5m	147.2m
Net profits	†57.7m	3.1m
Net per share	†5.73	0.29
Twelve months		
Revenue	447.5m	646.1m
Net profits	†76.5m	28.6m
Net per share	†7.84	2.89

† Loss

MALONE AND HYDE	1982/83 $	1981/82 $
Second quarter		
Revenue	626.3m	503.4m
Net profits	7.7m	6.2m
Net per share	0.48	0.39

INTERNATIONAL APPOINTMENTS

Senior posts at Banco di Roma

The following have been elected members of the board of BANCO DI ROMA for 1983-85 term: Dott Umberto Agnelli, Dott Veniero Ajmone Marsan, Dott Renato Cassaro, Dott Giacomo Figliola Baldieri, Prof Antonio Marzano, Dott Pietro Marzotto, Dott Franco Nobili, Ing Ambrogio Puri and Rag Renato Riverso. Appointed as the new chairman of the bank is Dott Romeo Dalla Chiesa and confirmed as vice-chairman Dott Danilo Ciulli; the managing directors are Dott Ercole Ceccatelli and Dott Marcello Tacci, with the secretary to the board Dott Arrigo de Santis. Dott Tacci, as managing director, will have global responsibilities for co-ordination and supervision of international business as well as the overall organisation of the bank. He has been with Banco di Roma since 1951.

● Mr Robert S. Ames, executive vice-president, Aerospace, Textron, Inc., has been elected chairman of the board of governors of the AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA INC., Washington, for 1983. He succeeds Mr Roy A. Anderson, chairman and chief executive officer, Lockheed Corporation. Mr Harry H. Wetzel, chairman and chief executive officer, The Garrett Corporation, was named vice-chairman of the board. Mr Karl G. Harr, Jr., was re-elected president. Other officers elected were Mr Samuel L. Wright, vice-president/secretary, and Mr George F. Copsey, treasurer.

● The following changes have been made in the main board of W. C. HERAEUS GmbH, W. Germany: Dr Jürgen Heraeus has become supervisory board chairman, following Dr Helmut Gruber's retirement. Dr Dieter Röss, Mr Gunter Rath and Mr Franz Weigelt are appointed to permanent board positions.

● Dr J. M. Goudswaard, a vice-chairman of UNILEVER NV, will retire at the annual meetings of Unilever NV and Unilever PLC next May. The boards intend to elect fellow director Mr J. P. Erbé in his place.

● Mr Michael Barsch has succeeded Mr Jean Claude Damerval as vice-president in charge of CREDIT COMMERCIAL DE FRANCE'S Eurobond sales, trading and portfolio management. Mr Damerval has been appointed senior vice-president in charge of the export-import financing division.

● Dr Jean Claude Gisling has been appointed general manager of PUBLICITAS SA, Lausanne. Mr Willy Furrer has been appointed deputy general manager.

● Mr Peter Watson has been appointed managing director (designate) of GUTHRIE (MALAWI) following the retirement of Mr J. D. Wheelan on December 31.

● The supervisory board of BUHRMANN-TETTERODE NV, Amsterdam, has appointed Drs J. Brouwer and Drs B. M. J. Wagemakers as members of the board of managing directors from January 1. Mr Brouwer will be responsible for financial and economic matters and Mr Wagemakers for social and general affairs.

● Mr Maurice J. Amiel is promoted to the newly-created position of assistant managing director — TIMKEN EUROPE. In addition to his new responsibilities, which become effective on January 1, Mr Amiel will retain management of Timken Europa, Germany. Mr Lucien H. Dambrin is promoted to the position of general manager — Timken France. Mr Lambert Valentin has been promoted to the position of general manager —bearing operations. Succeeding Mr Dambrin, Mr Valentin will be responsible for managing all bearing production activities at Timken France.

● Mr John C. Duncan is retiring on December 31 from his position as chairman and chief executive officer of ST. JOE MINERALS CORP., a Flour Corp. subsidiary. He continues as a member of Flour's board and will also be a consultant to St. Joe. Mr John A. Wright, president of St. Joe, has been elected to succeed him.

TRUCK MAKER BUILDS ON KARRIER STAKE

RVI seeks British image

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

RENAULT Vehicules Industriels (RVI), the commercial vehicle subsidiary of the state-owned French group, has set itself the long-term aim of being known in the UK as a British company.

A start is to be made at the end of this year with the assembling of Renault heavy trucks at the Dunstable plant of Karrier Motors, the former Dodge UK concern, in which RVI bought a 50 per cent shareholding from the Peugeot group in 1981, and then took management control.

Mr Gilbert Guez, commercial director of RVI, says: "We don't want to be seen simply as an importer in Britain. We want to build at Dunstable some of the trucks we will sell in Britain — not all of them, but the majority, and enough to be seen clearly as a 'British' producer."

RVI will have to work hard on this image, because "Renault" is a name firmly identified with French vehicles. But the company has rejected the idea of using such familiar British names as Karrier or Commer on the trucks, and will stick with Renault.

The arrangement with Chrysler in the U.S., which retains the "Dodge" name, is that "Dodge" will not be applied to any new vehicles built in Europe, but can be used on the existing ones.

Welding the old Dodge business and RVI's operations in the UK together has almost been completed. M Guez maintains: "Our priority in the UK was to extend the Dodge range with Renault products — not to complicate it. We want to give the impression of unity between Dodge and Renault, not conflict."

For this reason, the Renault medium-weight truck was dropped from UK sales in favour of the Dodge 100.

RVI still hopes Karrier will win some van business from British Telecom and would then produce the Trafic van at Dunstable. But M Guez insists that this would be a bonus, and that the main emphasis at Dunstable on the van front will be on the Dodge 50.

The Dodge 50 range was developed at the insistence of the UK Government at the time it pumped £162m into Chrysler UK to prevent financial collapse in 1975. It was launched in 1979.

RVI's aim in Britain, according to M Guez, is to keep its market share in light and medium vehicles at around 17 per cent and improve the group's penetration in the heavy truck sector (with the help of new Renault trucks) to perhaps 8 per cent or 9 per cent. "We think," he comments, "that with the network we have today that should be possible."

The first vehicles to be shared by Karrier and RVI will be medium weights to be introduced in the late 1980s. "We know about the British preference for proprietory engines and will take that into account when we are engineering the new trucks. After all, we want to produce the kind of trucks which will give us the best-possible market penetration."

On the question of the continued use of Perkins engines, which are used in the majority of the current Dodge range, M Guez says: "The Perkins engines help give the Dodge trucks their national characteristics. We must take this into account as part of our general strategy."

He accepts that national preferences will be a major influence on truck purchases for many years. "In the long term, however, economics will prove stronger than chauvenism.

"The long-term future of the European truck manufacturing industry lies with the Common Market. So RVI must be a transnational company, not a national one. The ideal situation would be to have factories in the best places to provide for the EEC."

But RVI already has plants in France, Spain and Britain and seems unlikely to desert these for new ones. "When we rationalise within the EEC we must decide which country makes which component and which plant assembles what product. For example, Spain could supply gearboxes and in Britain Dunstable has good light and medium vehicle assembly facilities—so why not use them?"

This suggests that RVI might wish to acquire the outstanding 50 per cent of Karrier at some stage. M Guez says: "It is possible this will evolve. But it is not important because the fact that we do not have full ownership of Karrier does not prevent any rationalisation of the Dodge and RVI ranges"

Similarly, it seems on the cards that RVI will acquire Mack Trucks in the U.S., currently a subsidiary of the Signal Corporation, but a concern in which the French group already has a 20 per cent interest.

Signal is negotiating a merger with Wheelabrator-Frye, and there have been indications that it would not be averse to selling off Mack on completion of the formalities. RVI has first refusal on the outstanding 80 per cent.

RVI makes medium trucks with diesel engines in France for sale by Mack in the U.S., where they are badged as the Mack Midliner.

Although this deal has not so far produced the volume of sales hoped for, because of the near-collapse of the U.S. truck market, RVI is satisfied with the progress. The Midliner now accounts for 6 per cent of the U.S. medium-duty (Class 6 and 7) diesel market after only three years.

That is just the first phase of the co-operation with Mack. RVI has been drawing on the help of Mack engineers for all new components—engines, gearboxes, axles and so on—it is developing. More than half the trucks Mack sells in the States are delivered with its own key components.

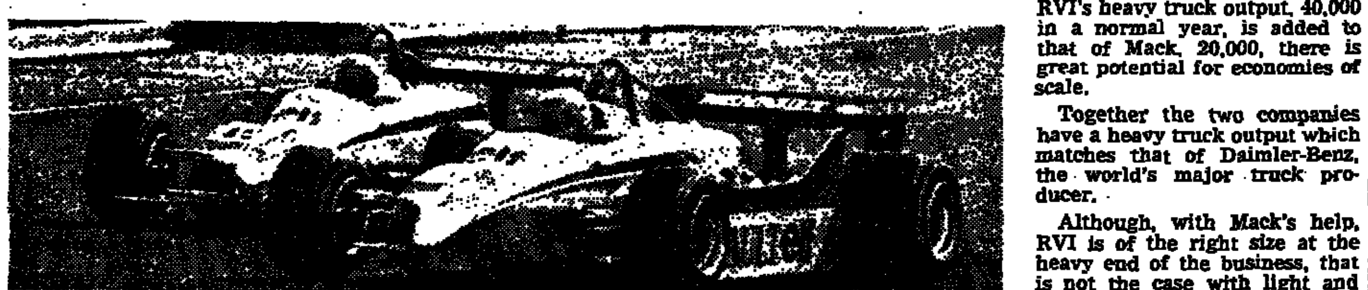
The significance of the component co-operation is that when RVI's heavy truck output, 40,000 in a normal year, is added to that of Mack, 20,000, there is great potential for economies of scale.

Together the two companies have a heavy truck output which matches that of Daimler-Benz, the world's major truck producer.

Although, with Mack's help, RVI is of the right size at the heavy end of the business, that is not the case with light and medium vehicles. So M Guez suggests there could be future co-operative ventures for RVI, but these are more likely to be with component makers than with other truck companies.

80 YEARS OF RENAULT IN THE UNITED KINGDOM

The illustration above is taken from the cover of a Renault commemorative brochure.



Two cars carrying a familiar name race ahead of a Grand Prix field. Renault Vehicules Industriels, the commercial vehicle subsidiary of the French state-owned group has laid plans to build at Dunstable the majority of the trucks it sells in Britain. But it will have to work hard at the aim of creating the image of being a British company

INTL. COMPANIES & FINANCE

Wong Sulong reports on Malaysia's ambitious $2bn resources venture

Petronas' LNG starts to flow

SOMETIME this month a liquid natural gas tanker is scheduled to leave the newly-built port of Bintulu in the East Malaysian state of Sarawak, with liquefied natural gas (LNG) for Japan.

The voyage will herald the start of a new line of exports for Malaysia, and marks the completion of what is the country's biggest industrial project. It is estimated that more than US$2bn has been spent from the time the LNG was discovered by Shell off the Sarawak coast in the early 1970s to the present stage, when the LNG is processed and ready to be piped for exports.

For the next 20 years, five Malaysian-owned LNG tankers will be moving an annual 6m tonnes of LNG to Japanese utilities companies, starting with 1.3m tonnes in the first year.

The Bintulu LNG project is a joint venture between Petronas, the Malaysian state oil company, which holds 65 per cent in the partnership, and Shell and Mitsubishi, which have a 17.5 per cent stake each.

The negotiations leading to this venture were tough and arduous, but once the deal was sealed, there was close collaboration to get the project ready on time. Other foreign companies working in Malaysia are in agreement that Petronas drives a very hard bargain, but that once a deal is made it plays a fair game.

Production sharing agreements in Malaysia are, against this background, among the toughest in the world, and much more exacting than those offered by the country's neighbours, Indonesia, Thailand and the Philippines.

For example, in the latest production sharing agreement between Petronas and Elf Aquitaine last November, it has been estimated that if commercial oil is found, the French company (and its junior partners) would be making only U.S.$1.4 per barrel. This is based on the current price of U.S.$35.65 per barrel for the low-sulphur Malaysian crude, after deducting production costs and taxes and royalties.

PETRONAS, Malaysia's state-owned oil company drives a hard bargain when it comes to taking partners in its activities. Although it has contained its ventures to the oil sector, it has also bent its efforts to meeting the needs of the Malaysian economy

In most countries, it is common for foreign contractors to take between U.S.$2 and U.S.$4 per barrel, depending on the amount produced.

A consortium led by Conoco struck oil and gas in its concession off the Pahang coast in 1976, but found the terms too stiff. It decided to opt out, and was compensated. The amount remains a secret.

The best areas have already been take by the early birds—Shell and Exxon—but foreign oilmen reckon the chances of striking oil in Malaysian waters are still good, at one to six compared with the world's average of one to ten. Last October, a consortium in which British Petroleum has a 42.5 per cent stake, found oil off Northern Sabah.

Carigali, the exploration arm of Petronas, made its first oil discovery last September off the Trengganu coast, giving this subsidiary a morale boost.

Since its inception eight years ago, Petronas has grown into a well-regarded outfit within the oil profession. But it readily admits it is still a greenhorn when it comes to matching the world's oil companies in their knowledge and expertise in hydrocarbons.

"Compared to those guys in Houston and the North Sea, who have spent their whole lives smelling for and working with oil, I am just an upstart," says Tan Sri Abdullah Salleh, who was Chief Secretary to the Government before taking over at Petronas three years ago.

It is largely because of such a civil service/bureaucratic background of Petronas' leading policy makers that the concern today remains a conservative organisation, believing it better to take decisions slowly rather than to rush fences or to succumb to outside pressure and sales talk. It has stuck closely to its role as the guardian of the country's oil and gas resources, avoiding involvement in non-oil business, and its presence is being felt increasingly in the oil industry, in exploration, development, refining and marketing.

Petronas' plans to go into refining and distribution are worrying foreign refiners. It is building a 30,000-barrel "basic" refinery in Trengganu, operational next year, while a fully-integrated 120,000-barrel refinery, costing US$1.5bn, is planned to come into operation in 1987 at Malacca.

At present, Malaysian oil needs are satisfied by the Shell and Esso-owned refineries at Port Dickson, one of the country's leading ports and refineries in Singapore.

Commissioning of the Malacca refinery would create an excess capacity of 40,000 barrels per day in the late 1980s, it is calculated, and foreign refiners fear they would suffer.

Malaysia's current reserves of oil and non-associated gas have been assessed, officially, at 2.8bn barrels and 39,000bn cu ft respectively. Oil deposits are not very large, but natural gas reserves are substantial.

Yaohan expands in Singapore

YAOHAN Department Store, a Japanese food supermarket chain, will open its fifth store in Singapore in March, with an annual sales target of Y1.58bn ($6.9m). Kyodo reports from Nagoya.

Dutch options trading rises

BY WALTER ELLIS IN AMSTERDAM

THE EUROPEAN Options Exchange ended 1982 with a record 1.5m transactions concluded—an increase of 45 per cent over 1981.

As in the five previous years of the exchange's existence, Dutch-linked "internationals" accounted for much of the business carried out. Philips, the electrical group, was alone responsible for 287,872 contracts—19 per cent of the total—while Royal Dutch and KLM made up 202,493 and 134,169 respectively.

American options declined markedly in volume, from 16,959 to 5,771. For an institution which was established to act on an international basis, this must be seen as something of a setback.

In cash terms, the exchange expects 1982 to have been a good year. Mr Tjerk Westerterp, general manager, told a New Year's meeting in Amsterdam that premium turnover during the year had risen to Fl 492m ($190m) from Fl 398m in 1981. This represented a rise of 24 per cent, compared with only 2 per cent in 1981.

Mr Westerterp added that the exchange's profit for the year would prove to be substantially higher than the Fl 25,600 recorded in 1981.

Daily turnover last year went up to 5,918 contracts, against 4,125 in the previous 12 months. Bond options accounted for 28.6 per cent of total turnover, with investors evidently influenced by falling exchange rates during the year. The trade in gold options increased strongly, to just under 150,000 contracts from 1981's total of 46,000, while the newly introduced dollar (currency) option supplied 5,110 contracts during its first 31 days of trading.

During 1982, 123,340 option contracts were fulfilled, to a value of Fl 985m, compared with Fl 338m in 1981.

In the latter part of the year, the Options Exchange was clearly boosted by the rising trend on Wall Street and by the optimism reflected in the heightened activity on the Amsterdam Bourse.

Malaysian stockbrokers' licences to be restored

BY WONG SULONG IN KUALA LUMPUR

THREE senior Malaysian stockbrokers have succeeded in their appeal to Tunku Razaleigh Hamzah, the Finance Minister, to have their licences restored.

Mr Jimmy Tan, former deputy chairman of the Kuala Lumpur Stock Exchange (KLSE), and Mr Hwang Sing Lue and Mr Fung Yan Khai, both former KLSE committee members, had their licences revoked by the Registrar of Companies early last month because they had violated exchange rules by appointing unauthorised agents to trade in smaller towns not serviced by licensed brokers.

As a condition of getting back their licences, the three promised to stop this practice and agreed to pay a stiff penalty of 150,000 ringgit each (US$65,000). They also agreed to be suspended from trading for six months and not to seek election to the KLSE for the next five years.

A government official said the Minister had considered the precedent in which a broking firm, breaching the exchange rules, had been fined 75,000 ringgit and suspended for six months.

He added the breaches committed by the three were of a more serious nature.

Meanwhile, the Malaysian Government said it would not be appointing members of the KLSE, even though such powers are provided for under the Securities Industry Act passed by Parliament recently.

He said the authorities want the KLSE to be self-regulating as far as possible.

Carrian assets revalued down

CARRIAN INVESTMENTS, the troubled Hong Kong property company, has adjusted the value of its assets down by more than 17 per cent to around HK$4.5bn (US$692m) which compares with total liabilities of nearly HK$3bn, Reuter reports.

In an earlier report to creditors, Carrian advised of a downward adjustment of asset value to HK$5.53bn as of October 24, 1982, from HK$6.71bn at the end of September.

Extraordinary spending hits Norcem

By Fay Gjester in Oslo

NORCEM, the Norwegian cement and building materials group which also has offshore interests, increased sales and profits in 1982, from the previous year.

However, the group estimates its 1982 net result at only NKr 40m ($5.7m) compared with NKr 74m in 1981 because of the impact of extraordinary spending in 1982 and extraordinary profits the previous year.

Extraordinary income in 1981—about NKr 21m—came mainly from share sales; last year's extraordinary expenditure—about NKr 20m—was mainly in connection with rationalisation and restructuring in the group. The year-end report says these moves will boost profits in several of Norcem's companies this year.

Group turnover increased by about 16 per cent to an estimated NKr 3.6bn in 1982.

Norcem and its overseas subsidiaries sold a total of 4m tonnes of cement to world markets last year. Sales to Nigeria through Eastern Bulkcem, reached 700,000 tonnes, while a Saudi Arabian company in which Norcem has a substantial stake, sold 2.9m tonnes.

CONTRACTS AND TENDERS

BOND DRAWING

COMPANY NOTICES

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ART GALLERIES

CLUBS

PERSONAL

Maltese farmers lift boycott

MALTESE farmers yesterday suspended their two-week dispute over the government's price freeze on agricultural produce to allow negotiations between the farmer's association and the island's minister of agriculture take place.

The farmers took their produce to the central market in Valetta for the first time for two weeks. The decision to end the boycott came as the first shipment of vegetables imported directly from Holland by the government, arrived in Malta.

● TEA exports have resumed in Calcutta after a delay of five weeks due to a pay dispute with warehouse workers. Police escorted 13,680 chests from the city warehouses to the docks. The stoppage had led to a pile-up of more than 16m kilos of tea and forced suspension of weekly tea auctions in Calcutta.

● PERU's minister of fishing has warned that his country's fishing industry is near bankrupt, with the two state-owned fishing industry companies, Pescaperu and Espep, running huge deficits.

● INTERNATIONAL COFFEE Organisation executive board will meet in Manila from January 24 to 29 to continue discussions on a modified coffee pact to replace the 1976 pact which expired last September.

● U.S. OUTPUT of red meat and poultry is expected to drop in 1983 from 52.2bn pounds to 51.9bn lbs, according to the annual forecast of the American Meat Institute.

● AUSTRALIAN wool production this year is expected to fall 3.2 per cent to 693,720 tonnes according to the Australian and State Wool Forecasting Committees. The figure reflects a drop in the number of sheep and lambs shorn due to the current severe drought.

● INDIA'S cotton crop for 1982-83 is expected to be 8.2m bales compared with 8.4m bales last year, chairman of the Cotton Corporation of India has said.

EEC farm prices outstrip average input costs

BY LARRY KLINGER IN BRUSSELS

THE European Community's 9m farmers last year saw prices for their produce grow at a faster rate than their input costs for goods and services for the first time in four years, according to estimates compiled by the EEC's Statistical Office in Luxembourg.

While the authors of the report point out that goods and services for current consumption represent less than half of the value of final production, the report will give a fillip to those arguing for a modest increase in this year's guaranteed EEC farm prices.

The EEC Agriculture Ministers next week will give a first reading to European Commission proposals for an average 4.4 per cent rise in guaranteed producer prices against a background of calls by EEC consumer organisations for "at the very least" a standstill" in price rises. They argue that farm incomes have risen 4 to 5 per cent over the past year, more than in any other EEC industry of any size, while retail prices have continued to increase beyond the general rise in inflation.

On the other hand, the EEC farmers' organisations are seeking a 7 per cent rise in guaranteed prices, which they say is the minimum necessary if they are to maintain their real incomes over the next year.

For the EEC as a whole, the Statistical Office estimates that producer prices grew by around 2 per cent more in 1982 than input costs for goods and services, although there were big variations in the 10 member-states. Overall, the rise in the sales price index is estimated at 11.9 per cent against a 9.7 per cent rise in goods and services for current consumption in agriculture.

Prices and costs are estimated to have grown at roughly similar rates in Britain, Ireland, West Germany, France, Belgium and Denmark, and farm prices are seen to have risen considerably more than input costs in Greece, Luxembourg and, to a lesser degree, in Italy. In the Netherlands, the situation was reversed, with the rise in costs outstripping the growth in prices.

PRODUCER PRICES AND INPUT COSTS
(1982 percentage growth on 1981)

	Sales price index	Cost of goods and services
West Germany	3.2	4.0
France	12.0	12.6
Italy	16.7	14.0
Netherlands	3.2	4.9
Belgium	10.2	10.9
Luxembourg	16.7	8.0
Britain	6.8	7.1
Ireland	9.0	9.9
Denmark	12.1	12.1
Greece	22.4	14.8
EEC	11.9	9.7

Platinum up $16 as metals surge

By Our Commodities Staff

FLAGGING confidence in leading currencies, coupled with expectations of a fall in U.S. interest rates, encouraged a general rise in precious and base metals yesterday.

Platinum gained $16 on the free market to $452.50 a troy ounce, narrowing further the discount against gold, which rose $9 to $475.50 an ounce. Silver was also strong, with the cash quotation on the London bullion market rising 49.1p to 750.55p an ounce.

A 14th successive weekly rise in London Metal Exchange copper stocks could not prevent prices reaching 16 month highs. The cash position closed £11 up at £993.50 a tonne and, encouraged by a force majeure declaration by Southern Peru Copper Corporation and news of a shutdown by Anaconda at Butte, Montana, made further ground after hours.

Changes in stock levels in LME warehouses last week were: copper, up 7,425 tonnes to 260,600; tin, down 400 tonnes to 33,525; lead, up 3,775 tonnes to 130,200; zinc, down 775 tonnes to 90,923; aluminium, up 10,125 tonnes to 258,725; nickel, up 312 tonnes to 6,972; and silver, up 170,000 troy ounces to 36.97m.

Argentine wheat flourishes

BY OUR BUENOS AIRES CORRESPONDENT

WITH the crop half in, Argentina is expecting a record wheat harvest of up to 15m tonnes this year, following perfect weather conditions and the widespread use of improved seed varieties.

Sr Victor Santirso, Agriculture Secretary, said last week that production could exceed his department's latest estimate of 14.5m tonnes.

Private grain dealers are slightly more cautious, estimating the final output of bread wheat at 13.9-14.2m tonnes.

Whoever's guess is right, the wheat harvest promises to be substantially higher than Argentina's previous record production of 11.25m tonnes set in the 1964-65 crop year, and almost double last year's 8.1m tonnes.

This spectacular result is due to a large increase in the area under cultivation. Ideal weather conditions throughout the growing season and the widespread use of new high-yield seed varieties.

A total of 7.41m hectares were sown to wheat in the 1982-83 crop year—against 6.57m in the previous cycle—the largest area in over 40 years.

Widespread rain in September and October boosted crop growth significantly and dry sunny weather throughout the harvesting season, which began last month, has assured minimal crop losses.

Argentina has began widespread use of a new hybrid seed, developed over the past 15 years. It is a cross of high-yielding Mexican varieties with traditional Argentine strains that assure strength and quality.

The Agriculture Department has forecast a record yield of 1.981 kilos per hectare this year against the previous record of 1,835 kilos in 1964/65.

Grain traders expect this year's crop will produce an exportable surplus of about 9m tonnes, up from 3.5m tonnes last year. But despite the depressed state of the international wheat market, they are confident of being able to sell all the grain available.

The Soviet Union, which in recent years has purchased the lion's share of Argentina's entire grain exports, is expected to continue buying heavily from Argentina to maintain diversity in its import suppliers. Traders are confident also that the Government's policy of keeping the exchange rate low will enable Argentina to compete keenly on the international grain market.

More than 5m tonnes of the present crop has already been sold for export. The main destinations are the Soviet Union, China, Iran and Iraq, according to trade sources.

Wheat sales are likely to be more spread out through the year than usual because of the large export volumes available, they added.

Sr Santirso said Argentina had sufficient storage capacity to cope with the bumper wheat crop, along with the coarse grain harvest, which will be brought in during the coming months.

Sr Ignacio Garcia Cueva, Agriculture Under-Secretary, told reporters that this year's overall grain harvest could break the 1981-82 record of 35m tonnes, although he gave no estimate of what final output will be.

However, Argentina's crop-growing areas will need rain soon to help the maize, sunflower seed, soya and sorgum crops now coming up if this result is to be achieved, the official said.

Warning on European dairy prices

BY FRANK GRAY RECENTLY IN COPENHAGEN

INCREASING competition, near-record surpluses of EEC-produced butter and skimmed milk powder and uncertainty in Third World markets are putting renewed pressure on the European Commission to find a more consumer-oriented solution to the marketing of its dairy products.

Worsening market chances and the consequences this could have for EEC dairy farmers were outlined at the weekend by Mr Poul Dalsager, the EEC's Agricultural Commissioner.

He said the level of public and private stocks of butter and skimmed milk powder were 338,000 tonnes and 567,000 tonnes respectively last year, the highest levels since 1979.

Warning that such a development must cease, he said dairy farmers and the dairy industry "cannot be left untouched in a market situation with structural surplus."

Farm income considerations "cannot be the sole point of reference when fixing guaranteed prices," he told a Press briefing organised by Butterdane, the Danish butter co-operative. "It is neither economically nor financially possible to give producers a full, open-ended guarantee for products in structural surplus. Prices must reflect market realities more than they have done in the past."

The Commission has decided to try to tackle the dairy surplus problem this year by providing a "fair income to producers, reasonable prices to the consumer and only a modest charge to the Community taxpayer," he said.

Denmark, the EEC's fifth-largest butter producer at 120,000 tonnes per year, is also among the Community's most export-dependent, with 75 per cent of its production going abroad. Some 40,000 tonnes go to the UK alone.

Polish sugar output boosted

By Christopher Bobinski in Warsaw

POLAND's sugar production after last year's harvest is expected to reach a record level of 1.83m tonnes, the second bumper year in a row following the disastrously-low crop in 1980.

With stocks largely rebuilt and domestic needs set at 1.55m tonnes, this frees some 280,000 tonnes for export this year.

Record sales for Thai rice

BY JONATHAN SHARP IN BANGKOK

THAILAND exported a record 3.6m tonnes of rice in 1982, nearly 600,000 tonnes more than in 1981, according to official figures.

But because of depressed world prices, export earnings in 1982 were down at about Baht 23.4bn ($1bn), a drop of Baht 2.7bn ($120m) from the previous year.

The high sales volume has been due to unusually heavy demands from several important markets in Asia, the Middle East and Africa.

Western experts believe that rice output in the crop year 1982-83 will be down by about 8 per cent, but add that about 3.5m tonnes should be available for export in calendar year 1983, nearly as much as was sold in 1982.

The drop in overall production is due in part to dry weather conditions, plus a modest reduction in the area sown to rice and also the fact that low prices mean that Thai farmers are unable to buy sufficient fertiliser.

Yields in Thailand are among the lowest in Asia.

The trend in Thailand's rice exports in the past dozen years has been towards upgrading the quality of the product, with the sales volume of top grade white rice increasing about fourfold, while average annual exports of all types of rice have doubled.

Western experts say this trend can be expected to continue. This is because Burma has been seeking a larger share of the market for lower quality rice, plus the fact that Thailand regards the quality export markets as being more stable and lucrative.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 10 1983	+ or —	Month ago
Metals			
Aluminium	$810/815	......	$810/815
Free Mkt	$1050 1080	+35	$970/1080
Copper			
Cash h grade	£993.5	+11	£907
3 mths	£1022.25	+13	£924.75
Cash Cathode	£955.75	+14.25	£864
3 mths	£984.5	+15.25	£887.5
Gold troy oz	$474.5	+9	$458.75
Lead Cash	£308.25	+1.75	£265.5
3 mths	£319.75	+2.375	£274.875
Nickel	£4135.5	......	£4135.5
Free mkt	170/200c	+8	180/190c
Platin'm tr'y oz	£260		£260
Freemkt	£284.75	+15.05	£294.60
Quicksilver†	$525/535	-12.50	$560/565
Silver troy oz	750.55p	+49.1	841.95p
3 mths	769.25p	+50.50	858.05p
Tin Cash	£7437.5	+45	£7660
3 mths	£7442.5	+40	£7559.5
Tungsten	$92.95	......	$102.80
Wolfrm 22.04 lb	$78/82	......	$79/84
Zinc Cash	£447.5	+5	£406.5
3 mths	£460.75	+6.125	£416.5
Producers	$800	......	$880

	Jan. 10 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$445z	......	$423
Groundnut	$455x	-7.5	‡
Linseed Crude	£310	......	£314.75
Palm Malayan	$370y	-5	$380
Seeds			
Copra Philip	$300x	+5	$290
Soyabean (U.S.)	$237.75	+1.55	$238.6
Grains			
Barley Fut. Mar	£114.60	-0.30	£114.25
Maize	£144.50	......	£144
Wheat Fut. Mar	£120.80	-0.45	£119.45
No.2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1181	-11	£1062
Future May	£1160.5	+6	£1011.5
Coffee Ft' Mar	£1558	-10.5	£1613
Cotton A Index	70.75c	+0.55	70c
Gas Oil Feb	$272.75	-2	$299.75
Rubber (kilo)	51.75p	+0.75	50.5p
Sugar (Raw)	£96x	......	£97
Woolt'ps 64s kl	374p kilo	......	372p kilo

‡ Unquoted. y Feb. x Jan-Feb. z Feb-Mar. † Per 16 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.50-30.80	+0.15
Iranian Light	29.00-29.50	-0.10
Arabian Heavy	28.00-28.75	+0.12
North Sea (Forties)	30.90-30.95	+0.07
African (Bonny L'ht)	31.75-32.25	+0.13
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	298-302	+1.0
Gas oil	277-288	-0.5
Heavy fuel oil	164-168	-0.5

GAS OIL FUTURES

The market drifted down in lacklustre trading after opening a shade steadier. Prices fell further to reflect an easier New York market but met support at the lower levels, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	280.00	-2.00	284.00-79.75
Feb	272.75	-2.00	276.50-71.50
March	262.75	-2.75	265.00-61.50
April	257.75	-2.50	260.75-56.80
May	255.75	-2.25	258.00-55.75
June	256.00	-1.00	256.00-55.00
July	257.00	+0.25	257.00
Aug	256.50	+5.50	—
Sept	260.00	-5.00	260.00

Turnover: 2,166 (1,773) lots of 100 tonnes.

GOLD MARKETS

Gold rose $9 an ounce from Friday's close in the London bullion market yesterday to finish at $474-475. The metal opened at $466¾-467¾, the day's low and improved to touch a best level of $477-478. There was a slight fall later in the day on profit taking but the metal remained underpinned by a very bullish sentiment with some dealers now looking to the $500 level.

In Paris the 12½ kilo bar was fixed at FFr 100,450 per kilo ($472.91 per ounce) in the afternoon compared with FFr 100,450 ($473.41) in the morning and FFr 97,800 ($457.25) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,490 per kilo ($474.02 per ounce) against DM 34,395 ($456.02) previously and closed at $473-474½ from $465-466.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $468.50 from $454.30.

In Zurich gold finished at $471-475 from $464-467.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
January	—	—	—
February	482.00-8.30	+15.60	483.70-71.0
March	485.00-86.5	+15.75	485.00
April	488.70-89.5	+15.50	489.00-78.4
May	491.50-92.5	+15.50	—
June	495.00-96.0	+15.25	491.40
July	498.50-98.5	+15.50	—

Turnover: 1,708 (868) lots of 100 troy ounces.

	Jan. 10		Jan. 7	
Gold Bullion (fine ounce)				
Close	$474-475	(£298-298½)	$465-466	(£288¾-289¼)
Opening	$466¾-467¾	(£291½-292)	$453¼-454¼	(£284-284½)
Morning fixing	$474	(£295.973)	$454	(£283.661)
Afternoon fixing	$474	(£297.179)	$465	(£289.551)

Gold Coins Jan. 10

Krugrnd	$494-495	(£310½-311)	King Sov	$112-114	(£70¼-71½)
½ Krug	$255-256	(£160½-161)	Victoria Sov	$112-114	(£70¼-71½)
¼ Krug	$130-131	(£81¾-82¼)	French 20s	$106-107½	(£66½-67½)
1/10 Krug	$53-54	(£35¼-33¾)	50 pesos Mex	$576-583	(£362-366)
Mapleleaf	$493-494½	(£310-311)	100 Cor. Aust	$467-471	(£293¼-296¼)
New Sov	$113½-114¼	(£71½-72)	$20 Eagles	$540-550	(£339½-346)
½ New Sov	$67-69	(£42-43½)			

EUROPEAN MARKETS

ROTTERDAM, Jan 10.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Jan 152.50, Feb 154.50, Mar 155.50, April 157.50. U.S. No Three Amber Durum April/May 170, June 172, July 173, Aug 176. U.S. No Two Northern Spring 14 per cent Jan 183, Feb 183.50, Mar 184.50, April/May 170, June 171, July 173. Canadian Western Red Spring April/May 195.

Maize—(U.S. $ per tonne): U.S. No Three Yellow afloat 119, Jan 118.75, Feb 117.50, Mar 118.25, April/June 119, July/Sept 121.50, Oct/Dec 126 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Jan 231.50, Feb 233.75, Mar 235.50, April 237.50, May 238.75, June 240.50, July 242, Aug 242, Sept 241, Oct 235.80, Nov 235.80, Dec 240.25, Jan 244.50 sellers: Argentine June 236.70, July 236.70 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 219, Jan 217.50, Feb 217.50, Mar 217.50, Jan/Mar 217.50, April/Sept 216, Nov/Mar 221 sellers. Pellets Brazil Dec/Jan 8 234, Jan 232.50, Feb/Mar 233, April/Sept 224 sellers.

PARIS, Jan 10.

Cocoa—(FFr per 100 kg): March 1236-1250, May 1255-1270, July 1270-1290, Sept 1290-1310, Dec 1328-1340, March 1355-1370, May 1385-1400. Sales at call: nil.

Sugar—(FFr per tonne): March 1485-1486, May 1501-1505, July 1530-1545, Aug 1555-1565, Oct 1595-1605, Nov 1585-1605, Dec 1680-1687, March 1747-1755. Sales at call: 483.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER PRICES surged ahead on the London Metal Exchange, boosted by the weakness of sterling, the strike in Peru, the close-down of Anaconda's operation at Butte, Montana, and the sharp gains in precious metals prices. Three months copper jumped to £1,037.5 at the close of Kerb trading while lead was finally £322 and zinc £463.5. Nickel moved up to £2,475 in response to heavy trade buying, while currency considerations lifted aluminium to £688.75.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
HighGr de	£	£	£	£
Cash	993.5-4	+33	993-4	+11
3 months	1022.5-3	+35.5	1022-.5	+13
Settlem't	994	+33	—	......
Cathodes				
Cash	957-8	+33	955.5-6	+14.2
3 months	984-5	+33.7	984-5	+15.2
Settlem't	958	+33	—	......
U.S. Prod.	—	—	*74-74	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £993.5, 94; three months £1,021, 22, 23, 22.5, 23. Cathodes: Cash £958; three months £985. Kerb: Higher Grade: Three months £1,022.5, 22, 21.5, 22, 22.5, 23. Afternoon: Higher Grade: Three months £1,018, 18.5, 18, 17.5, 17, 16.5, 17, 20, 20.5, 21, 21.5, 22, 23, 22.5. Standard Cathodes: Three months £983, 84. Kerb: Higher Grade: Three months £1,026, 27, 27.5, 28, 28.5, 29, 30, 31, 32, 32.5, 31.5, 32, 33, 33.5, 34, 35, 36, 37, 38. Turnover: 44,756 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7410-20	+20	7435-40	+45
3 months	7420-5	+21.5	7440-5	+40
Settlem't	7420	+24	—	......
Standard				
Cash	7410-20	+20	7435-40	+45
3 months	7420-5	+21.5	7440-5	+40
Settlem-t	7420	+24	—	......
Straits E.	$29.15	......	—	......
NewYork				

Tin—Morning: Standard: Three months £7,410, 20. Kerb: Standard: Three months £7,420. Afternoon: Standard: Cash £7,435: three months £7,425, 20, 25, 35, 40, 50, 45. Kerb: Standard: Three months £7,460, 55. Turnover: 2,810 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	308.25-.75	+4.25	308-.5	+1.75
3 months	320-.5	+4.5	319.5-20	+2.37
Settlem't	308.75	+4.25	—	......
U.S. Spot	—	......	*21.88	......

Lead—Morning: Cash £308.5: three months £319, 19.5, 20, 20.5, 20, 21, 20.5. Kerb: Three months £320, 20.5, 22. Afternoon: Three months £320, 19, 20, 19.5. Kerb: Three months £322. Turnover: 11,500 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	449.5-50	+10.2	447-8	+5
3 months	462-.5	+10.5	460.5-1	+6.12
Settlem't	450	+10	—	......
Primw'ts	—	......	*38.75-40.7	......

Zinc—Morning: Cash £448.5, 49.5: three months £462, 62.5, 63, 62, 61.5. Karb: Three months £463. Afternoon: Three months £462, 63, 62, 61, 61.5, 61, 60.5. Kerb: Three months £462, 63.5. Turnover: 14,250 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	662.5-3.5	+23	666.5-7.5	+19.5
3 months	682-3	+24.2	686.5-7	+21

Aluminium—Morning: Three months £682, 83, 83.5, 84, 85, 84.5, 84, 83.5, 83. Kerb: Three months £682.5. Afternoon: Three months £682, 81.5, 81, 81.5, 83, 84, 85, 85.5, 86, 87, 86.5. Kerb: Three months £687, 88, 89, 90, 91, 90.5, 90. Turnover: 25,375 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2408-10	+184	2370-80	+118
3 months	2475-6	+188	2440-5	+115

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Three months £2,415, 40, 60, 70, 80, 85, 85, 2,400, 2,495, 90, 85, 90, 80, 75, 70, 74, 72, 75. Kerb: Three months £2,480, 70, 65, 55. Afternoon: Three months £2,450, 40, 35, 30, 35, 40, 45, 42. Kerb: Three months £2,445, 50, 60, 80. Turnover: 1,500 tonnes.

SILVER

LME—Turnover 151 (137) lots of 10,000 ozs. Morning: Cash 751: three months 764.5, 65, 64.5, 64.8, 68, 67, 68.5, 68, 69.5. Kerb: Three months 769, 68.5, 68, 66. Afternoon: Three months 760, 61.5, 62, 62.5, 70, 69.5, 70, 73. Kerb: Three months 773, 73.5, 74.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	750.55p	+49.1	751p	+32
3 months	769.25p	+50.5	771.25p	+33.5
6 months	788.05p	+52.3	—	......
12months	826.05p	+56.1	—	......

Silver was fixed 49.1p an ounce higher for spot delivery in the London bullion market yesterday at 750.55p. U.S. equivalents of the fixing levels were: spot $12.02, up 79c; three-month $12.27, up 80.6c; six-month $12.52, up 82.5c; and 12-month $13.07, up 83c. The metal opened at 723-725p ($11.58-$11.62) and closed at 746-748p ($11.86-$11.90).

COCOA

Futures firmed in the afternoon due to lower sterling and a very steady trend in New York. Hedging against renewed Ghana origin selling was well absorbed by chart, outsider and trade buying. Ghana was reported to have sold April/June at £1,175. The market was still concerned by problems surrounding the delivery of nearby physical supplies from Ivory Coast shippers.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1150-51	-6.0	1157-40
May	1160-61	+6.0	1162-45
July	1173-74	+11.0	1175-55
Sept	1183-84	+14.0	1185-70
Dec	1207-08	+15.0	1211-95
March	1227-29	+16.0	1250-15
May	1240-50	+18.0	1245-34

Sales: 5,088 (5,728) lots of 10 tonnes.

ICCO—Daily price for Jan 10: 79.71 (80.27). Indicator price for Jan 11: 78.92 (78.64).

COFFEE

Despite a slightly steadier opening prices fell on persistent trade selling, reports Drexel Burnham Lambert. Dealer support prevented a significant breakthrough.

COFFEE	Yest'day's Close	+ or —	Business Done
January	1762-65	+9.5	1775-57
March	1567-59	-10.5	1574-47
May	1468-70	-7.0	1480-65
July	1387-89	-6.0	1396-83
Sept	1321-25	-6.0	1336-25
Nov	1270-72	-8.5	1280-70
January	1240-50	-2.5	1250-42

Sales: 2,469 (3,323) lots of 5 tonnes.

ICO Indicator price for Jan 7 (U.S. cents per pound): Comp daily 1979 128.97 (129.55); 15-day average 130.43 (130.57).

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Jan	119.35	-0.80	113.25	-0.45
Mar	120.80	-0.45	114.60	-0.30
May	122.75	-0.35	116.90	-0.15
July	124.80	-0.30	—	—
Sep	114.25	+0.10	108.55	+0.30
Nov	117.40	+0.10	111.75	+0.25

Business done—Wheat: Jan 119.55-9.20, March 121.25-0.80, May 123.10-2.75, July 125.10-4.80, Sept 114.25 only, Nov untraded. Sales: 76 lots of 100 tonnes. Barley: Jan 113.60-3.20, March untraded, May 117.00 only, Sept 108.55-8.30, Nov untraded. Sales: 24 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Jan 124.75, Feb 126, Mar 126.75 transhipment east coast sellers. English feed fob Jan 122 east coast seller. Maize: French Jan 144.50 transhipment east coast seller. S. African white/yellow Jan/Feb 88 quoted. Barley: English feed fob Jan 119 seller east coast, Feb 19.50 paid Lowestoft. Rest unquoted.

HGCA—Locational ex farm spot prices. Feed Barley: E. Mids 112.70, N. East 112.10, Scotland 113.70. The UK monetary co-efficient for the week beginning Monday January 17 (based on HGCA calculations using 4 days exchange rates) is expected to change to 1.000.

WOOL FUTURES

LONDON (NEW ZEALAND CROSS-BREDS)—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 350, 359, 360; March 364, 367, 367-365; May 374, 381, 376-375; Aug 388, 391, 390-388; Oct 394, 398, 396-395; Dec 400, 401, 401-400; Jan 402, 403, nil; March 408, 411, 410; May 415, 423, 418. Sales: 54.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 528.0, 529.0, untraded; May 542.0, 542.5, 543.0-542.0; July 550.0, 550.5, 551.0-550.0; Oct 538.5, 539.5, untraded; Dec 540.5, 542.0, 541.0; Mar 547.5, 549.0, untraded; May 560.0, 561.0, 561.0; July 582.0, 570.0, 570.0. Sales: 30.

POTATOES

An easier physical market and lower Dutch futures weakened prices during the morning. A low Dutch export figure eased the market there further, causing further losses in London, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
Feb	68.60	70.50	70.00-68.60
April	85.10	87.80	87.10-85.00
May	87.60	90.20	89.50-87.50
Nov	67.50	67.50	—
Feb	76.50	76.30	—

Turnover: 547 (319) lots of 40 tonnes.

RUBBER

The London physical market opened slightly steadier, attracted keen demand throughout the day and closed firm. Lewis and Peat reported a January fob price for No. 1 RSS in Kuala Lumpur of 183.0 (183.5) cents a kg and SMR 20 169.5 (169.0).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
Feb	51.80-52.50	50.80-51.80	51.8
Mar	52.50-52.80	51.50-51.80	—
Apl-Jne	54.00-54.10	52.80-52.90	54.10-53.80
Jly-Sept	56.10-56.20	55.00-55.10	56.20-55.70
Oct-Dec	57.80-58.00	56.80-57.00	58.10-57.70
JanMch	59.80-60.00	58.80-59.00	60.00-59.60
Apl-Jne	62.10-62.20	61.00-61.10	62.20-61.80
Jly-Sept	64.40-64.50	63.40-63.50	64.50-64.30
Oct-Dec	66.80-66.90	65.70 66.10	—

Sales: 368 (252) lots of 15 tonnes, 10 (nil) of 5 tonnes.

Physical closing prices (buyer) were spot 51.75p (51.00p); Feb 54.25p (53.50p); March 54.75p (54.00p).

SOYABEAN MEAL

The market opened £1 higher on weaker sterling, reports T. G. Roddick. Prices remained firm on renewed mixed buying.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
Feb	146.10-45.5	+2.75	145.80-43.00
April	144.00-44.1	+2.50	144.00-41.50
June	140.80-41.5	+2.35	141.00-40.50
August	141.20-41.5	+2.60	—
October	141.50-42.5	+2.45	141.00
Dec	145.00-45.0	+2.25	—
Feb	145.00-48.0	+2.75	—

Sales: 132 lots of 100 tonnes.

SOYABEAN OIL—The market opened unchanged in featureless conditions and firmed slightly in thin trade. Close (U.S. $ per tonne): Feb 402.00, 403.00, 402.50-401.00; April 413.50, 415.00, 414.00-412.00; June 425.00, 428.00, 426.00; Aug 427.00, 438.00; Oct 431.00, 448.00 Dec 435.00, 450.00; Feb 435.00, 460.00. Sales: 23 (82) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £96.00 (same) a tonne cif Jan-Feb shipment. White sugar £135.00 (£133.00).

A lack of hard physical news left futures to trade in a narrow range, reports C. Czarnikow.

No.4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	106.05-06.10	107.00-07.10	107.25-05.80
May	110.25-10.30	111.25-11.40	111.50-09.10
Aug	116.50-16.70	117.40-17.50	118.50-15.60
Oct	122.75-23.00	123.75-23.85	125.50-21.50
Dec	128.08-30.00	129.00-30.50	128.50
March	137.00-38.00	138.00-38.00	137.75
May	139.08-43.00	140.00-44.50	—

Sales: 2,609 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £200.50 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 7: Daily price 5.94 (6.03): 15-day delivery 6.18 (6.20).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 108 tonnes. Fair general demand was encountered, with additional support on African and South American qualities. Middle Eastern growths were also wanted, with Russian and Turkish styles sought by spinners.

TEA AUCTIONS

LONDON TEA AUCTION—28,307 packages were on offer, including 1,280 packages in the offshore section. Demand continued strong and active. Assams were often 2p to sometimes 4p dearer except plainer sorts which were an irregular feature. Sylhets, with strong support, gained 2-4p. Bright Africans advanced 2-3p others sold readily at fully firm to dearer levels. Offshore teas met a good enquiry at fully firm rates. Quotations: quality 150p a kg (148p), medium 139p a kg (138p), low medium 125p a kg (122p).

INDICES

FINANCIAL TIMES

Jan. 7	Jan. 6	M'th ago	Y'ar ago
242.67	242.99	233.62	248.89

(Base: July 1 1952 = 100)

REUTERS

Jan. 10	Jan. 7	M'th ago	Y'ar ago
1594.9	1587.0	1572.9	1606.6

(Base: September 18 1931 = 100)

MOODY'S

Jan. 7	Jan. 6	M'th ago	Y'ar ago
1020.0	1015.8	1011.4	100.7

(December 31 1931 = 100)

DOW JONES

Dow Jones	Jan. 7	Jan. 6	Month ago	Year ago
Spot	136.29	135.02	135.24	127.55
Fut'rs	143.66	141.82	139.48	134.66

(Base: December 31 1974 = 100)

JUTE

JUTE—C and F Dundee BWC £260, BWD £238, BTB £300, BTC £260, BTD £235; c and f Antwerp BWC £257, BWD £233, BTB £295, BTC £257, BTD £233; c and f Dundee Jan 40 in 10 oz £11.57, 40 in 7.5 oz £8.77; B Twills £37.06.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 84.0 to 88.3; Ulster hindquarters 103.0 to 106.5, forequarters 59.3 to 63.0. Veal: Dutch hinds and ends 137.0 to 141.5. Lamb: English small 68.0 to 73.0, medium 65.0 to 71.0, heavy 62.0 to 64.0; Scottish heavy 62.0 to 64.0; Imported: New Zealand PL 51.0 to 52.0, PM 50.0 to 51.0, YL 49.0 to 49.0. Pork: English, under 100 lb 38.0 to 52.0, 100-120 lb 41.0 to 50.5, 120-160 lb 37.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.39p per kg lw (−1.39). GB—Sheep 150.15p per kg est dcw (−2.48). GB—Pigs 63.35p per kg lw (−8.39).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £8.00-£9.50, codlings £5.00-£6.50; large and medium haddock £6.00-£7.60; best small plaice £4.80-£6.00; rockfish £2.90-£4.70; reds £3.20-£3.50; saithe £2.90-£3.90.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas—Spania: 10-kg 2.80-3.40. Oranges—Spania: Navels 3.80-4.60; Jaffa: Shamouti 40 4.70, 50 4.80, 60 4.90, 75 4.95, 88 4.95, 105 4.75, 123 4.45, 144 4.25, 168 4.00. Navels 40 4.70, 50 4.80, 60 4.90, 75 4.95, 88 4.85, 105 4.55, 144 4.15, 168 3.90; Moroccan: Navels 3.80-4.00. Lemons—Turkish: 80/150 3.50-4.50; Cyprus: 9-kg 2.80-4.50; Spania: Tray 5-kg 25/50 1.80-2.40. Grapefruit—Cyprus: 27/56 3.20-4.20; U.S.: Ruby 36/40 6.50-7.00; Jaffa: 64 3.90, 75 3.80, 88 3.60, Ruby 6.00-6.80. Clementines—Spania: 4.00-4.60; Moroccan: 4.40-4.80. Apples—French: Golden Delicious 18-kg 4.50-5.80, 9-kg 2.40-3.00, Starkcrimson 18-kg 4.00-5.00, Granny Smith 18-kg 5.00-6.00, 9-kg 2.50-3.00; U.S.: Red Delicious 9.50-14.00; Canadian: 11.00-12.60. Pears—Dutch: Comice 14-lb 3.60-3.80, Conference 12-kg 3.50-3.60. Grapes—Spanish: Almeria 2.40-3.20, Napoleon 3.50-4.00; Cape: Bien Donne 11-lb tray 6.00, Sultana 11-lb 8.00, Queen of the Vineyard 11-lb 6.60; S. African: Dan Ben Hannah 11-lb 10.00. Strawberries—Israeli: 8-oz 1.25; U.S.: 12-oz punnets 1.40. Raspberries—Chilean: 8-oz 1.00. Sharon Fruit—Israeli: 1.20-1.50. Plums—S. African: Santa Rosa 11-lb, per box according to size 2.80-4.80; Chilean: 15-lb per pound 0.70-0.80. Apricots—S. African: 11-lb 3.50-6.00. Nectarines—Zimbabwe: 3.00-4.50; Chilean: 6.00-7.00. Cherries—Brazilian: Per pound 1.60-1.80. Melons—Spanish: Green 10-kg 5.00-8.00; Brazilian: Yellow 10-kg 7.50-8.00. Pineapples—Ivory Coast: 20s 0.40, 12C 0.80, 12B 0.85-0.90, 8s 1.20; S. African: 5/7 7.00; Ghanaian: 6s 1.20-1.50. Bananas—Colombian: 40-lb boxes 8.60-9.00. Avocados—U.S.: 6.50-7.00; Israeli: 2.00-3.00; Canary: 3.00-3.20. Paw Paws—Brazilian: 5.00-6.00. Kiwi-fruit—New Zealand: 8.00-8.50. Mangoes—Brazilian: 7.00-8.00; Kenyan: 6.00-7.00; S. African 6.00-7.00. Litchees—S. African: Per pound 0.80-0.85. Fennel—Italian: 20-lb 5.00. Sugar Peas—Moroccan: 11-lb 7.00. Tomatoes—Spanish: 6-kg 3.60-4.50; Canary: 4.00-5.00. Lettuce—Dutch: 12s 3.00, 24s 3.40-4.20; French: 12s 2.00. Celery—Israeli: 20s 6.20. Calabrese—Italian: Tray 5-kg 4.20; Jersey: 15-lb 5.50-6.00. Artichokes—Egyptian: x 24 10.80; Cyprus: 12s 6.00. Aubergines—Canary, 6-kg 4.50-5.00. Onions—Spanish Grano 5.40; Polish 2.60. Capsicums—Dutch: 5-kg Red 11.00; Spanish: Yellow 6.00; Canary: Green 3.60-3.80, Red 7.00-7.50; Israeli: Green 3.20, Red 8.00. Cabbages—Dutch: Red 2.80-3.00, White 2.60-2.80. Courgettes—Kenyan: 6-lb 3.20-3.40; Cyprus: 6-lb 3.00-3.20; Moroccan: 10-lb 5.00. Cucumbers—Canary: 3.40-3.80; Moroccan: 13-lb 6.50. Chicory—Belgian: 5-lb 2.20-2.40. Potatoes—Jersey: Per pound new 1.25; Italian: 20-lb 3.00; Canary: 25-kg mids 11.00, ware 9.00; Majorca: Bag 6.00; Cyprus: 44-lb bag 5.00-5.20, 27½-lb boxes 5.20-5.50. Cauliflowers—French: 24s 7.50-8.00; Jersey: 16s 8.00, 24s 8.00-8.50, 30s 7.00. Dates—Tunisian: 30 x 8-oz 0.45-0.62. Fresh Dates—Israeli: 11-lb 8.20.

English Produce: Apples—Per pound Bramley 0.08-0.18, Cox's 0.12-0.25, Russets 0.10-0.19, Spartan 0.08-0.16. Pears—Per pound, Conference 0.10-0.21, Comice 0.10-0.22. Potatoes—Per bag 2.20-3.00. Mushrooms—Per pound open 0.30-0.40, closed 0.40-0.50. Lettuce—Per pound 1.40-2.00. Onions—Per 55-lb 1.80-2.80. Pickling Onions—Per 55-lb 3.00-3.50. Cabbages—Per 25-lb 1.20-2.00. Per 28/30-lb White/Red 1.50-2.40. Greens—Per 28-lb Kent 1.50-2.00. Brussels Tops—Per 28-lb 1.60-2.00. Sprouts—Per 20-lb 1.00-1.80. Carrots—Per 26/28-lb 1.00-1.60. Turnips—Per 28-lb 1.40-1.60.

AMERICAN MARKETS

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	1627	1663	1625	1636
May	1665	1694	1660	1674
July	1690	1718	1688	1696
Sept	1725	1740	1724	1725
Dec	1770	1781	1770	1770

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	127.76	128.80	127.67	129.02
May	123.00	123.80	122.80	123.85
July	120.03	120.70	119.80	120.10
Sept	117.75	118.50	117.75	118.15
Dec	115.38	116.25	116.75	116.38
March	113.78	114.20	114.00	114.00
May	110.75	111.50	111.50	111.25

COPPER 25,000lb, cents/lb

	Close	High	Low	Prev
Jan	73.70	73.70	73.00	72.15
Feb	74.20	—	—	72.70
March	74.85	75.20	73.60	73.35
May	75.85	76.20	74.70	74.35
July	76.90	77.30	75.70	75.35
Sept	77.90	78.30	76.75	76.35
Dec	79.25	79.70	78.05	77.65
March	80.65	80.95	79.50	79.00
May	81.60	81.90	80.75	79.90
July	82.55	83.10	81.70	80.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	67.06	67.10	66.28	66.08
May	68.35	68.39	67.65	67.57
July	69.27	69.35	68.70	68.71
Oct	68.40	68.50	68.35	68.09
Dec	68.75	68.80	68.28	68.25

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	483.2	489.0	476.0	469.5
March	486.2	489.5	479.0	472.7
April	490.3	496.0	481.5	476.4
June	497.3	505.0	489.0	483.4
August	504.7	510.0	497.0	490.7
Oct	512.5	517.0	505.0	498.6
Dec	520.4	526.0	513.5	506.3
Feb	531.0	532.1	521.0	514.2
April	539.2	539.2	530.0	522.4
June	549.6	549.6	538.8	530.7
August	549.0	549.0	549.0	539.2
Oct	558.5	558.5	558.0	547.8

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Feb	81.89	82.50	81.15	82.89
March	80.78	81.20	79.90	81.32
April	78.88	79.00	78.00	79.29
May	78.21	78.46	77.70	78.67
June	78.20	78.30	77.80	78.70
July	78.30	78.60	77.90	78.40
August	78.35	78.20	78.10	78.60
Sept	79.40	—	—	79.40
Oct	80.80	—	—	80.80
Nov	81.50	—	—	81.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	114.60	115.50	113.25	113.00
March	114.15	114.55	113.00	112.85
May	115.10	115.10	113.65	113.60
July	116.30	116.30	114.80	114.70
Sept	116.85	116.85	115.80	115.20
Nov	117.35	116.75	116.40	115.75
Jan	117.85	117.85	117.75	116.25
March	118.45	118.75	118.75	116.75
May	118.45	—	—	116.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	462.0	463.2	453.5	443.6
Feb	454.6	—	—	444.6
March	465.6	465.6	—	445.6
April	467.7	467.7	457.0	447.7
July	475.5	475.5	466.0	455.5
Oct	483.9	483.9	474.0	463.9
Jan	493.2	493.2	485.5	473.2
April	502.5	502.5	502.0	482.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	1202.0	1212.0	1188.0	1159.5
Feb	1207.5	—	—	1165.0
March	1216.5	1224.0	1196.0	1174.0
May	1235.5	1242.5	1215.0	1192.5
July	1255.0	1261.0	1235.0	1211.0
Sept	1274.5	1279.5	1256.0	1229.5
Dec	1304.5	1308.5	1286.0	1258.5
March	1336.3	1339.1	1323.0	1289.1
May	1357.8	1350.0	1350.0	1310.0
July	1379.8	—	—	1331.5

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
March	6.46	6.46	6.32	6.37
May	6.82	6.83	6.68	6.73
July	7.14	7.15	6.98	7.03
Sept	7.48	7.41	7.30	7.34
Oct	7.67	7.67	7.53	7.58
March	8.75	8.72	8.60	8.63
May	9.05	9.01	9.01	8.92

CHICAGO

LIVE CATTLE 40,000lb, cents/lb

	Close	High	Low	Prev
Feb	61.37	61.60	60.90	60.60
April	61.92	62.05	61.45	61.12
June	62.97	63.35	62.75	62.47
August	61.40	61.55	60.90	60.85
Oct	59.80	60.05	59.75	59.45

LIVE HOGS 30,000lb, cents/lb

	Close	High	Low	Prev
Feb	58.30	59.25	58.25	58.67
April	54.90	55.95	54.85	55.22
June	56.17	56.95	56.12	56.37
July	56.05	56.60	55.92	56.12
August	54.25	54.60	54.02	54.40
Oct	49.80	50.15	49.80	50.00
Dec	49.85	50.25	49.80	49.87
Feb	49.25	49.25	48.95	48.60
April	47.50	47.50	47.00	46.80

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	250.0	251.6	248.4	247.6
May	259.6	261.2	258.2	257.0
July	267.0	268.6	265.4	264.4
Sept	270.4	273.0	270.4	268.6
Dec	279.4	280.6	278.6	277.4
March	289.6	291.0	289.2	288.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	83.00	85.25	82.80	83.40
March	81.87	84.15	81.75	82.22
May	81.42	83.25	81.25	81.72
July	80.20	81.65	79.75	80.42
August	77.20	78.55	77.00	77.50
Feb	67.10	67.20	66.00	66.50
March	65.60	66.10	65.60	66.00

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	577.4	580.6	575.6	571.4
March	588.0	591.0	584.4	581.0
May	599.0	600.0	592.0	589.4
July	605.0	607.4	600.4	596.6
August	606.0	608.0	602.0	598.4
Sept	603.0	604.0	598.4	593.4
Nov	605.4	606.4	599.0	595.2
Jan	618.0	618.0	612.4	608.0
March	631.0	631.0	628.0	622.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	178.7	179.3	177.0	176.4
March	179.4	179.8	177.3	176.7
May	180.3	180.9	178.5	177.7
July	181.8	182.5	181.8	179.2
August	182.0	182.5	180.0	179.2
Sept	182.3	182.8	181.0	180.0
Oct	182.0	182.8	180.5	179.3
Dec	184.0	185.0	183.0	181.5
Jan	184.0	—	—	181.3
March	188.1	188.1	186.0	182.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	16.42	16.51	16.35	16.29
March	16.79	16.87	16.68	16.64
May	17.18	17.25	17.08	17.03
July	17.56	17.61	17.41	17.37
August	17.68	17.73	17.58	17.51
Sept	17.80	17.87	17.70	17.63
Oct	17.95	18.00	17.85	17.76
Dec	18.20	18.20	18.15	17.83
Jan	18.31	18.38	18.31	18.05

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	334.2	336.0	332.4	331.6
May	342.4	344.0	339.0	338.6
July	348.0	348.4	345.0	344.4
Sept	357.6	358.2	356.0	354.0
Dec	374.0	374.0	371.4	370.0
March	387.0	387.0	384.0	383.2

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman bullion silver 1205.00 (1156.00) cents per troy ounce. New York tin 542.0-48.0 (546.0-50.0) cents per pound.

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London, for the purpose of giving information to the public with regard to the Kingdom of Sweden ("Sweden" or the "Kingdom") and the Stock.
The Kingdom has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Kingdom accepts responsibility accordingly.

Dated 11th January, 1983

Kingdom of Sweden

Issue on a yield basis of

£50,000,000 Loan Stock 2010

payable as to £25 per cent. of the nominal amount on application and as to the balance of the issue price not later than 8th July, 1983 with interest payable half yearly on 22nd January and 22nd July

The Issue has been underwritten by

S. G. Warburg & Co. Ltd. — **Morgan Grenfell & Co. Limited**
County Bank Limited — **Hambros Bank Limited**
Hill Samuel & Co. Limited — **Kleinwort, Benson Limited**
Samuel Montagu & Co. Limited

Application has been made to the Council of The Stock Exchange in London for the £50,000,000 Loan Stock 2010 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by bearer bonds which will be available in denominations of £1,000 and £10,000. Stock in registered form may be exchanged for bearer bonds and vice versa at any time after 18th July, 1983. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on Wednesday, 19th January, 1983. Certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 18th July, 1983 provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURSDAY, 13TH JANUARY, 1983 AND WILL CLOSE LATER THE SAME DAY.

PROCEDURE FOR APPLICATION

Each application for Stock must be made in the form of the application form provided herewith and must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, not later than 10.00 a.m. on Thursday, 13th January, 1983 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	Multiple
£100 to £2,000	£100
£2,000 to £20,000	£500
£20,000 to £100,000	£1,000
£100,000 or greater	£25,000

S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited, on behalf of the Kingdom, reserve the right to reject any application and to accept any application in part only. If any application is not accepted the amount paid on application will be returned by post at the risk of the person submitting the application and if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest, and in the meantime all such amounts will be held in a separate account.

S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited, on behalf of the Kingdom, will announce the basis of allotment by 9.30 a.m. on Friday, 14th January, 1983. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (*inter alia*) upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 19th January, 1983. No applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void, if the Underwriters exercise their right to terminate the Underwriting Agreement if the conditions are not fulfilled (see "General Information—Underwriting Arrangements" below).

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "National Westminster Bank PLC" and crossed "Sweden Loan", representing payment at the rate of £25 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers who irrevocably engage in the application forms lodged by them to pay National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, for credit to the account designated "Sweden Loan" by 10.00 a.m. on Wednesday, 19th January, 1983 the amount in Town Clearing Funds representing payment at the rate of £25 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

S. G. Warburg & Co Ltd and Morgan Grenfell & Co Limited, on behalf of the Kingdom, reserve the right to instruct National Westminster Bank PLC to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount payable on any Stock allotted must be paid so as to be cleared on or before 8th July, 1983. Such balance may be paid in advance of its due date but no discount will be allowed or interest paid on such balance for any period prior to 8th July, 1983. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the Base Rate of National Westminster Bank PLC may be charged on such balance if accepted after its due date. The Kingdom further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of Stockbrokers which is a member of The Stock Exchange of the United Kingdom and the Republic of Ireland and such other banks or brokers as S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited, on behalf of the Kingdom, shall at their absolute discretion agree for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 19th January, 1983 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form.

Allotment letters may be split up to 3.00 p.m. on 6th July, 1983 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, on or before 8th July, 1983, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in denominations of £1,000 and £10,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:

(a) By collection from the offices of National Westminster Bank PLC, Stock Office Services, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES.

(b) By post at the risk of the applicant. National Westminster Bank PLC will insure any package destined for an address in the United Kingdom provided a cheque is enclosed with the allotment letter made out for 50p per £1,000 nominal amount of bearer bonds to be sent (minimum payment £3). Insurance rates for other countries will be quoted on request.

(c) By delivery to an existing account with Euro-clear Operations Centre or CEDEL S.A.

Bearer bonds are expected to be available for delivery on and after 18th July, 1983.

Stock certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses by National Westminster Bank PLC on 18th July, 1983. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock certificate will be issued and no bearer bond will be delivered unless the Stock to be represented thereby is fully paid.

DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 2.25 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. on Wednesday, 12th January, 1983, the price cum dividend of such Treasury Stock to be the price determined by S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis set out under "Calculation of Gross Redemption Yield" below.

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited and will be an integral multiple of one quarter of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £95 per cent.. The issue price will also be determined by S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, 13th January, 1983.

CALCULATION OF GROSS REDEMPTION YIELD

The gross redemption yield will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, Page 18 as follows:—

"Redemption yields are calculated taking accrued interest as part of the price and using a true compound interest formula i.e. finding the value of v to give $f(v)=0$ where

$$f(v) = v^{p}\cdot\left(C_1 + C\,\frac{(1-v^{n})v}{(1-v)} + Rv^{n}\right) - P - \sum_i B_i v^{b_i}$$

and v is the discounting factor per period (e.g. half-year),
R is the redemption amount,
C is the coupon amount per period,
C_1 is the actual coupon due at the next payment date (which may be zero if the stock is already quoted 'ex dividend', or may be a first fractional payment),
n is the integral number of periods till redemption from the next payment date,
p is the fractional period till the next payment date,
P is the price actually payable (with 'accrued interest' not 'stripped out', but, for shorts, added in),
B_1, B_2 etc. are outstanding calls on a partly-paid stock,
b_1, b_2 etc. are the fractional periods till these calls are due.

When the root of $f(v)$ has been found the gross yield, y, convertible half-yearly, is obtained from

$$y = 200(1/v^{k/2} - 1) \text{ per cent.}$$

where k is the frequency of coupon payment per year."

PARTICULARS OF THE STOCK

The issue of the £50,000,000 Loan Stock 2010 (the "Stock") of the Kingdom was authorised by a resolution of the Board of Directors of Riksgäldskontoret (the Swedish National Debt Office), representing the Kingdom, passed on 9th December, 1982 and will be constituted by a Deed Poll to be entered into by the Kingdom. The following is a summary of, and is subject to, the detailed provisions of the Deed Poll, copies of which will be available for inspection at the offices of the Registrar and the Paying Agents referred to below.

Status

The Stock will be a direct, unconditional and general obligation of the Kingdom and the full faith and credit of the Kingdom will be pledged for the due and punctual payment of the principal and interest in respect of the Stock and for the performance of all obligations of the Kingdom with respect thereto. Subject to "Negative Pledge" below, the Stock will rank *pari passu* with all other unsecured Indebtedness of the Kingdom from time to time outstanding. "Indebtedness" means all indebtedness of the Kingdom in respect of moneys borrowed by the Kingdom and guarantees given by the Kingdom for moneys borrowed by others.

Negative Pledge

The Kingdom will not create any mortgage, pledge or other charge upon the whole or any part of its present or future revenues or assets to secure any External Indebtedness without securing the outstanding Stock *pari passu* therewith and the instrument creating any such mortgage, pledge or other charge shall expressly provide therefor. "External Indebtedness" means Indebtedness which is expressed or denominated in a currency or currencies other than Swedish kronor ("kronor") or which is, at the option of the person entitled thereto, payable in a currency or currencies other than kronor.

Interest

The Stock will bear interest from 19th January, 1983 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable (less, where applicable, United Kingdom income tax) by equal half yearly instalments on 22nd January and 22nd July (the "Interest Payment Dates") in each year except that the first payment of interest in respect of the period from 19th January, 1983 to 22nd July, 1983 will be made on 22nd July, 1983 and will be calculated using the following formula:—

$$£I = \frac{170}{365} \times \frac{25}{P} \times R + \frac{14}{365} \times R$$

where £I is the first payment of interest on £100 nominal amount of Stock,
R is the percentage rate of interest attaching to the Stock, and
P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused.

Form

The Stock will be available either in registered form (hereinafter referred to as "Registered Stock") or, at the option of the person entitled thereto, in bearer form (hereinafter referred to as "Bearer Stock"). On or after 18th July, 1983 and subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £1,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in denominations of £1,000 and £10,000 each (the "Bearer Bonds") and on issue an interest coupon (a "Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received between the day following a Record Date (as hereinafter defined) and the immediately succeeding Interest Payment Date (inclusive), no Coupon will be attached in respect of that immediately succeeding Interest Payment Date.

Applications for Bearer Stock made before the issue of definitive documents of title must be made on or before 8th July, 1983 in accordance with the instructions contained in the allotment letter which will be despatched to persons to whom Stock is allotted (see "Delivery" above). On or after the issue of definitive documents of title, applications for exchange must be made on the forms available at the specified offices of each of the Registrar, the Exchange Agent, the Principal Paying Agent and the Paying Agents referred to below and must be made by the registered holders of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed at the specified office of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

An application to exchange Registered Stock for Bearer Bond(s) shall have attached thereto the Stock Certificate(s) to which such application relates and an application to exchange Bearer Bond(s) for Registered Stock shall have attached thereto the Bearer Bond(s) to which such application relates together with all unmatured Coupons appertaining thereto. Failing presentation of all unmatured Coupons appertaining to any Bearer Bond, no exchange shall be made in respect thereof. In the case of an application received during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date, a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured. If the Stock Certificate attached to an application for the exchange of Registered Stock for Bearer Bonds relates to a greater nominal amount of Stock than that in respect of which application for exchange is made or relates to a nominal amount of Stock which is not an integral multiple of £1,000, the balance of such Stock will remain in registered form and a Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and vice versa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed exchange form.

The initial Exchange Agent is National Westminster Bank PLC and its specified office is at Stock Office Services, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES or such other place or places in London as the Kingdom may from time to time agree and notify to Stockholders in accordance with "Notices" below. The Kingdom reserves the right to terminate the appointment of the Exchange Agent provided that no such termination shall take effect until a new Exchange Agent having a specified office in London has been appointed and notice of whose appointment has been given to Stockholders in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be available for delivery at the specified office of the Exchange Agent or will be despatched, in accordance with the instructions contained in the application, in each case within 3 business days of receipt of the relevant application duly completed.

Transfer

The Register and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The initial Registrar is National Westminster Bank PLC and its specified office is at Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NH or such other place or places in Great Britain as the Kingdom may from time to time agree and notify to Stockholders in accordance with "Notices" below. The Kingdom reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar having a specified office in Great Britain has been appointed and notice of whose appointment has been given to Stockholders in accordance with "Notices" below. The Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied.

The Bearer Bonds will be transferable by delivery.

Redemption

(a) Mandatory Redemption

The Kingdom will redeem the Stock (unless previously purchased and cancelled) at par on 22nd January, 2010.

(b) Purchase Fund

The Kingdom will irrevocably authorise and direct S. G. Warburg & Co. Ltd., or its successor as purchase agent, (the "Purchase Agent") to endeavour to purchase for the account of and at the expense of the Kingdom £1,500,000 nominal amount of the Stock during the twelve months ending on 22nd January in each of the three years 1984 to 1986. In each case purchases will be made at such prices as the Purchase Agent may at its sole discretion consider reasonable in the light of the then prevailing prices quoted on The Stock Exchange (or, failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being), but not exceeding the issue price (exclusive of accrued interest and all costs of purchase), and at such times within each such period as the Purchase Agent may at its sole discretion determine. If during any such period the Purchase Agent is unable so to purchase the relevant nominal amount of Stock, the Purchase Agent will be irrevocably authorised and directed to purchase for the account of the Kingdom during the six months next following the expiry of that period, on the conditions set forth above and before purchasing any Stock which it shall be authorised to purchase during the next following 12 month period, Stock of an aggregate nominal amount equal to the shortfall in the nominal amount of Stock purchased during that earlier period, provided that any such shortfall shall in no circumstances be carried forward beyond the six months next following the expiry of that period. The purchases may be made by the Purchase Agent in such manner (whether on any stock exchange or over-the-counter market or by public or private sale with or without advertising and whether directly or through sub-agents) and from such persons as the Purchase Agent in its sole discretion may determine. In acting under the foregoing provisions, the Purchase Agent shall not assume any obligation to Stockholders.

(c) Optional Purchases

The Kingdom may at any time purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange in London (or, failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but not otherwise.

(d) Cancellation

Stock so redeemed or purchased shall be cancelled forthwith.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent at the Stockholder's risk by post to persons who are registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents and made payable to such Stockholders. In the case of joint holders, the warrant (made payable to all such holders) will be sent to the first named unless instructions to the contrary are given in writing to the Registrar by all joint holders. The "Record Date" shall mean (save in respect of the first Interest Payment Date in respect of which the Record Date will be 8th July, 1983) the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which the specified office of the Registrar is open for business.

In the case of Bearer Stock, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons, at the specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any other Paying Agent, by a cheque in pounds sterling drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto.

Bearer Bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon (or, in the case of partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the principal amount due in respect of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupons at any time before the expiry of a period of 10 years after the due date for such redemption, whether or not such Coupons would otherwise become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment of such amount until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph "Payments", the expression "business day" means any day on which banks are open for business in the place where the specified office of the Paying Agent at which the Bearer Bond or Coupon is presented for payment is situated and (in the case of payment by transfer to an account maintained by the payee in London as referred to above) on which dealings in pounds sterling may be carried on both in London and in such place.

If the redemption date for any Bearer Bond is not an Interest Payment Date, interest accrued since (and including) the last preceding Interest Payment Date will be paid only to the holder of the relevant Bearer Bond.

The initial Paying Agents and their specified offices are listed below. The Kingdom will at all times maintain a Paying Agent in London and in one country in Europe other than the United Kingdom. Stockholders will be notified in accordance with "Notices" below of the replacement of any Paying Agent, any change in the specified office of a Paying Agent and the appointment of any additional Paying Agents.

Taxation

All payments of principal and interest made by the Kingdom in respect of the Stock will be made without withholding or deduction for or on account of any present or future taxes, duties, fees, assessments or other charges of whatsoever nature, now or hereafter imposed or levied on the Stock or the holder thereof or of any Coupon by or on behalf of the Kingdom or any political sub-division or taxing authority thereof or therein. The foregoing shall not apply to any such withholding or deduction made in respect of Stock the holder of which, or the holder of the relevant Coupon appertaining to which, is liable to such taxes, duties, fees, assessments or other charges in the Kingdom on such payment of principal or interest, as the case may be, by reason of any relationship with or activity within Sweden other than his ownership of such Stock or Coupon as the case may be.

Events of Default

If:—

(i) the Kingdom shall default in any payment of interest in respect of the Stock or any part of it and such default shall not have been cured by payment thereof within 30 days; or

(ii) the Kingdom shall default in the performance of any other covenant in respect of the Stock and such default shall continue for a period of 90 days after written notice thereof shall have been given to the Kingdom at the office of the Registrar by the holder of any Stock; or

(iii) an event of default as defined in any mortgage, indenture or instrument, under which there may be incurred, or by which there may be secured or evidenced, any Indebtedness (as defined under "Status" above), whether such Indebtedness now exists or shall hereafter be created, shall happen and (a) such event of default shall result in such Indebtedness becoming due and payable prior to the date on which it would otherwise become due and payable, (b) payment thereof shall be validly demanded, and (c) such acceleration shall not be rescinded or annulled within 20 days after written notice thereof shall have been given to the Kingdom at the office of the Registrar by the holders of 25 per cent. or more of the principal amount of the Stock then outstanding,

then, at the option of and upon written demand to the Kingdom at the office of the Registrar by a holder of Stock, the Stock held by such person shall mature and become due and payable, together with accrued interest, upon the date that such written demand is received unless prior to such date the Kingdom shall have cured all such defaults.

Prescription

The Bearer Bonds will become void unless surrendered for payment within a period of 10 years and the Coupons will, except as mentioned in "Payments" above, become void unless surrendered for payment within a period of 5 years, in each case from the due date.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Bearer Bond or Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar in the case of a Stock Certificate or of the Exchange Agent in the case of a Bearer Bond or Coupon upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Kingdom and the Registrar or, as the case may be, the Exchange Agent may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before replacements will be issued.

Title to Bearer Bonds and Coupons

The Kingdom and any Paying Agent may treat the holder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purposes of receiving payment and for all other purposes.

Notices

All notices shall be valid if despatched by post to the Stockholder at his registered address (in the case of joint holders to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper having general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the *Financial Times*. Any such notice shall be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

Modification of Rights

The conditions of the Stock and the provisions of the Deed Poll and the rights of the Stockholders are subject to modification by Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

Governing Law, Jurisdiction and Waiver of Immunity

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England except with respect to their authorisation and execution by and on behalf of the Kingdom and any other matters required to be governed by the laws of Sweden.

The Kingdom will irrevocably agree that any suit, action or proceeding ("proceedings") arising out of or in connection with the Stock may be brought in the English courts or in any competent court in Sweden and will submit to the jurisdiction of, and, to the extent that it is legally able to do so, will waive irrevocably any immunity to which it might otherwise be entitled in proceedings brought in, each such court. The Kingdom will appoint the Ambassador for the time being of the Kingdom of Sweden to the Court of St. James's as its authorised agent for the receipt of any writ, judgment or other process in connection with proceedings in England and will agree that any writ, judgment or other process shall be sufficiently and effectively served on it if delivered to the said Ambassador at his official address for the time being in England or any other manner permitted by law.

USE OF PROCEEDS

The net proceeds to be received by the Kingdom from the issue of the Stock will initially be added to the Kingdom's foreign exchange reserves with the Sveriges Riksbank (the Swedish Central Bank) and the kronor equivalent will be credited to Riksgäldskontoret (the Swedish National Debt Office).

STOCK EXCHANGE DEALING

The Stock in both registered and bearer forms will be dealt in on The Stock Exchange in London in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run until final maturity.

It is expected that dealings on The Stock Exchange will begin on Friday, 14th January, 1983 for deferred settlement on Thursday, 20th January, 1983.

UNITED KINGDOM TAXATION

In the case of interest payable in respect of Registered Stock, United Kingdom income tax will be deducted from each payment except that, under current law and Inland Revenue practice (which are at present under review), payments will be made gross to persons whose registered addresses (and, if different, the addresses to which the payment is to be sent) are outside the United Kingdom. Persons who are not resident for tax purposes in the United Kingdom may apply by sending a claim form A3 to the Inspector of Foreign Dividends for exemption from United Kingdom income tax on grounds of non-residence.

In the case of interest payable in respect of Bearer Stock through a Paying Agent in the United Kingdom, United Kingdom income tax will be deducted from each payment in the absence of an affidavit to the effect that the beneficial owner of the Stock is not resident for tax purposes in the United Kingdom.

Stockholders who are liable to United Kingdom tax on capital gains should note that the provision in Section 67 of the Capital Gains Tax Act 1979 which exempts from tax capital gains on Gilt-edged securities (as therein defined) held for more than 12 months will not apply to the Stock.

STATISTICS RELATING TO SWEDEN

The Kingdom of Sweden is the largest of the Scandinavian countries, with a population of over eight million people and an area of approximately 487,000 square kilometres. Sweden is a constitutional monarchy with a parliamentary system of government.

Sweden is a member of the United Nations, the European Free Trade Association and many other international organisations. Sweden entered into a free trade agreement with the European Economic Community, effective on 1st January, 1973.

For a number of years Sweden's gross domestic product (GDP) *per capita* has been one of the highest in the world. Between 1977 and 1981, Sweden's GDP increased at an average annual rate (in constant prices) of 1.0 per cent. In 1980, GDP increased by 1.9 per cent. but declined by 0.6 per cent. to Skr 569 billion (preliminary) in 1981 as a result of weak domestic demand. In 1982, GDP is estimated to have declined by a further 0.7 per cent., but the Government forecasts GDP will increase by 1.4 per cent. in 1983.

In the post-war period, the relative importance of raw materials production and agriculture in the Swedish economy has declined, while that of the higher value added manufacturing and service sectors has increased substantially. The Swedish economy is significantly dependent on foreign trade, with imports and exports of goods each constituting approximately 25 per cent. of GDP. Sweden has one of the highest *per capita* energy consumption rates in the world. Approximately 25 per cent. of Sweden's total energy needs are supplied from internal sources; the balance is imported, mainly in the form of crude oil and refined oil products.

The Swedish economy has been influenced significantly by the increases in international oil prices and the effect of such increases on the international economy. In the years 1974 to 1976, Sweden pursued an expansionary economic policy to maintain full employment despite the international recession that followed the oil price increases in 1973 and 1974. This led to a deterioration of international competitiveness and losses of market shares for Swedish industry in both foreign and domestic markets. These developments, in addition to the higher oil prices, resulted in a significant deterioration of Sweden's balance of payments position.

In 1977 and 1978, Sweden adopted a number of economic policy measures directed towards restoring balance to its economy. These steps included devaluation of the krona, withdrawal from the European Narrow Margins Arrangement, an increase in the rate of value added tax (VAT), a temporary general price freeze, elimination of the general payroll tax and measures aimed at limiting the growth of public expenditure on goods and services. This policy was aided by the conclusion in 1978 of wage agreements providing for moderate wage increases in both the private and public sectors. These measures contributed to substantial improvements in the rate of inflation, the international competitiveness of Swedish industry and Sweden's balance of payments position in 1978, when the trade balance moved from a deficit to a surplus and the balance on current account improved to show only a minor deficit.

The increases in oil prices during 1979 and 1980 profoundly affected economic developments in Sweden and internationally. The price of Sweden's oil imports almost doubled and substantially affected the rate of inflation, the balance of payments and the rate of growth of the Swedish economy. This was a major factor behind the reversal of Sweden's trade balance from a surplus in 1978 to deficits in 1979 and 1980.

The deficit in the balance of trade improved from Skr 10.7 billion in 1980 to Skr 1.3 billion in 1981. Preliminary data for 1982 indicate an increase in the deficit in the balance of trade to about Skr 5.5 billion. The Government expects, however, that the deficit will be eliminated in 1983, when a surplus of about Skr 1.1 billion is forecast. The deficit in the balance on current account amounted to Skr 14.6 billion in 1981, compared to Skr 18.5 billion in 1980 and Skr 9.9 billion in 1979. Preliminary data for 1982 indicate a widening in the deficit in the current account to about Skr 22.6 billion. For 1983, the Government forecasts a reduction in this deficit to about Skr 20.5 billion.

During the second half of the 1970's, the deficit in the Central Government budget increased substantially, partly as a result of the policies designed to maintain full employment in the face of international recession. A series of measures were taken in 1980 and 1981 to reduce the rate of growth in Central Government expenditure and to reverse the earlier sharp growth in spending for industrial and labour market support measures. As a result of these measures, the rate of growth of Central Government expenditure was reduced from about 18 per cent. during the year ended 30th June, 1981 ("fiscal 1980/81") to only about 9 per cent. in fiscal 1981/82. For fiscal 1982/83, the Government expects that cyclical factors and high interest rates will contribute to a growth rate of about 17 per cent., although the increase will be about 11 per cent. excluding interest payments. The budget proposal for fiscal 1983/84, presented to the Riksdag (the Swedish Parliament) on 10th January, 1983, envisages that total expenditure will grow by less than 7 per cent., but, excluding interest payments, by about 3 per cent., indicating a reduction in real terms.

The deficit on the Central Government budget rose from Skr 60.0 billion in fiscal 1980/81 to Skr 68.0 billion in fiscal 1981/82. The increase resulted from the rapid growth of interest payments due to higher levels of interest rates and debt incurred in past years, and the weak overall economic activity, which had checked the growth of the tax base and led to a virtual stagnation on the revenue side of the budget. In fiscal 1982/83, the deficit in the Central Government budget is expected to be Skr 91.8 billion, but the budget proposal for fiscal 1983/84 expects some reduction of the deficit to about Skr 90 billion.

In a policy declaration to the Riksdag on 8th October, 1982, the newly formed Social Democratic Government emphasised the necessity of pursuing an economic policy to deal effectively with certain negative trends in the Swedish economy. The Government identified the principal problems as the deficit on the current account of the balance of payments, the Central Government budget deficit, the weak industrial performance, the rapid rate of inflation, the slow growth in investment and the increasing rate of unemployment. In its Finance Bill, presented to the Riksdag on 10th January, 1983, the Government elaborated further its economic policy. This policy is designed to increase domestic production and to reduce the external deficit, while at the same time maintaining employment and creating the basis for lower rates of inflation. The Government emphasised that the maintenance of employment requires, in the short term, the reduction of real wages and real standards of living and, in the longer term, the elimination of the deficit in the current account of the balance of payments and a substantial reduction in the rate of inflation. This policy requires that domestic and foreign demand for Swedish products is stimulated, while Swedish demand for domestic and imported products is curtailed.

To achieve this combination of expansion and contraction quickly and to initiate a change in direction of the Swedish economy, the Riksbank decided to devalue the krona by 16 per cent., against the "basket" of currencies of Sweden's 15 major trading partners on 8th October, 1982. The devaluation, in conjunction with the other new economic policies, is designed to permit Swedish industry to recapture market shares that have been lost in both international and domestic markets, to create the necessary conditions for expanded industrial production and employment, to start the process of eliminating the deficit on the current account of the balance of payments and to facilitate the reduction of various support measures for ailing industries as profitability improves. The Riksbank has announced that it will support the devaluation by maintaining its current policy of credit restraint. Simultaneously with the devaluation, the Government announced a temporary price freeze during which only the pass-through of increases in import prices will be permitted.

The Government will further support the devaluation by a restrictive fiscal policy. In the proposed budget for fiscal 1983/84, the fiscal deficit, excluding interest payments, is expected to decline by Skr 12.5 billion. This tightening of fiscal policy will be achieved by a combination of improved cash management, increased productivity in the public sector, curtailed expenditure and increased revenue. The devaluation will assist in reducing expenditure on industrial support and, by increasing employment, on labour market and unemployment support. In addition, stricter budgetary discipline will help curtail expenditure and improve productivity. Revenue growth will be increased as a result of higher employment and improved growth in the economy, although the Government has also announced that it will increase and, in some cases, introduce fees for certain public sector services. Furthermore, the Riksdag has decided with effect from 1st January, 1983, on an increase in VAT of 1.3 per cent. to 19.0 per cent. of the retail price (including VAT) and on increases in payroll taxes, wealth, inheritance and gift taxes and taxes on dividends and on certain durable consumer goods.

The Government regards it as necessary to reduce the deficit in the current account of the balance of payments and to direct resources to investment. This requires reductions in real wages and in private consumption. The trade unions have accepted not to seek compensation for the reduction in real wages caused by the devaluation. In this context, and in order to maintain the international competitiveness of Swedish industry and to achieve a lasting reduction in the rate of inflation, the Government has emphasised the desirability of avoiding indexation clauses in wage agreements and inflationary wage drift. The devaluation is expected to increase profitability in Swedish industry. In order to prevent this creating excessive wage pressures and to ensure that the benefits of such profitability are used to extend markets and increase investment, a number of measures have been taken, including a temporary profit-sharing scheme and the imposition of temporary allocations to investment funds.

Industrial recovery and growth are to be further supported by a temporary increase in public investment in infrastructure projects until investment in the business sector picks up as a result of higher capacity utilisation. The public investment programme envisaged will relate primarily to domestic energy conservation and oil substitution and the transportation infrastructure, *i.e.* sectors which can have a positive impact on the external balance of payments.

In its policy declaration on 8th October, 1982, the Government announced that it would invite representatives from industry, trade unions and the other political parties to discuss how to organise and fund a system of wage-earner investment funds, designed to increase new capital formation in industry.

The total direct debt of the Kingdom at 31st December, 1982 was Skr 404.7 billion (£34.2 billion), of which Skr 305.3 billion (£25.8 billion) was internal funded and floating debt and the equivalent of Skr 99.4 billion (£8.4 billion) was external funded debt. At 30th June, 1982, the Kingdom had guaranteed Skr 53.1 billion (£4.5 billion) of internal debt and the equivalent of Skr 21.1 billion (£1.8 billion) of external debt.

GENERAL INFORMATION

Underwriting Arrangements

By an Underwriting Agreement dated 10th January, 1983, S. G. Warburg & Co. Ltd., Morgan Grenfell & Co. Limited, County Bank Limited, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited and Samuel Montagu & Co. Limited (the "Underwriters") have agreed with the Kingdom to underwrite the issue of the Stock. The Underwriting Agreement is subject to certain conditions and S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited, on behalf of the Underwriters may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for the Stock will become void.

The Kingdom has agreed to pay to the Underwriters commissions aggregating 125p per £100 of Stock for their services as managers and underwriters of the issue out of which will be paid commissions to the brokers to the issue (Rowe & Pitman and W. Greenwell & Co.) and certain other persons who have accepted sub-underwriting participations in respect of the issue of the Stock. The Kingdom will also pay brokerage of 12½p per £100 of Stock to recognised Banks or Stockbrokers on allotments made in respect of applications on forms bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to about £735,000 and are payable by the Kingdom.

General

No person is authorised to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorised by the Kingdom. This Prospectus does not constitute an offer of, or an invitation to subscribe for, the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or invitation in such jurisdiction.

Application will be made to Euro-clear Operations Centre and CEDEL S.A. for the Bearer Bonds to be accepted for clearance.

Under present legislation both Stock in registered form and Bearer Bonds are transferable free from United Kingdom Stamp Duty.

The Stock is issued through Riksgäldskontoret, which is authorised to issue indebtedness on behalf of Sweden for a variety of statutory purposes, including the financing of capital expenditure in the public sector, the payment of current and other expenditure authorised by the Riksdag and the payment and refunding of the national debt.

The Stock is not an investment falling within the First Schedule to the Trustee Investments Act 1961.

Certain amounts herein are expressed in Swedish kronor ("Skr" or "kronor") and have been translated into pounds sterling using a rate of £1 = Skr 11.85 (which was the rate of exchange prevailing on 31st December, 1982). At 11.00 a.m. on 7th January, 1983, the middle rate between the buying and selling spot delivery rates for kronor quoted on the Stockholm foreign exchange market was £1 = Skr 11.64. As used herein "billion" means one thousand million.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal business hours until 31st January, 1983:—

(i) the Underwriting Agreement referred to above;

(ii) a draft, subject to modification, of the Deed Poll referred to above; and

(iii) certified translations of extracts from the following Statutes pursuant to which the Stock is to be issued: the Constitution Act (Swedish Code of Statutes 1974 : 152); the Swedish National Debt Office Act (Swedish Code of Statutes 1974 : 568); providing regulations for the Swedish National Debt Office (Parliamentary Statute Book 1975 : 8) as amended, effective 1st July, 1979, by a decision of the Riksdag on 23rd May, 1979; and the Act on the Swedish National Debt Office promulgated on 16th December, 1982 (Swedish Code of Statutes 1982: 1158).

Additional Copies

Copies of the Prospectus and application form may be obtained from:—

S. G. Warburg & Co. Ltd.
30 Gresham Street, London EC2P 2EB

Morgan Grenfell & Co. Limited
23 Great Winchester Street, London EC2P 2AX

Rowe & Pitman
City-Gate House, 39-45 Finsbury Square,
London EC2A 1JA
The Stock Exchange in London

W. Greenwell & Co.
Bow Bells House, Bread Street, London EC4M 9EL
The Stock Exchange in London

National Westminster Bank PLC
New Issues Department, P.O. Box 79, Drapers Gardens,
12 Throgmorton Avenue,
London EC2P 2BD
208 Piccadilly, London W1A 2DG
80 George Street, Edinburgh EH2 3DZ
14 Blythswood Square, Glasgow G2 4AQ

Riksgäldskontoret
(the Swedish National Debt Office)
Jakobsgatan 20
P.O. Box 16 306
S-103 26 Stockholm

Receiving Bank
National Westminster Bank PLC
New Issues Department
P.O. Box 79
Drapers Gardens
12 Throgmorton Avenue
London EC2P 2BD

Registrar and Transfer Office	**Principal Paying Agent and Exchange Agent**
National Westminster Bank PLC Registrar's Department P.O. Box No. 82 37 Broad Street Bristol BS99 7NH	National Westminster Bank PLC Stock Office Services P.O. Box No. 297 Drapers Gardens 12 Throgmorton Avenue London EC2P 2ES

Paying Agents

Morgan Guaranty Trust Company of New York 35 Avenue des Arts B-1040 Brussels	Kredietbank S.A. Luxembourgeoise 43 Boulevard Royal P.O. Box 1108 Luxembourg

Legal Advisers to the Underwriters

Slaughter and May 35 Basinghall Street London EC2V 5DB	Advokatfirman Södermark Birger Jarlsgatan 15 S-111 45 Stockholm

Legal Advisers to the Kingdom
Norton, Rose, Botterell & Roche
Kempson House
Camomile Street
London EC3A 7AN

Brokers

Rowe & Pitman City-Gate House 39-45 Finsbury Square London EC2A 1JA and The Stock Exchange in London	W. Greenwell & Co. Bow Bells House Bread Street London EC4M 9EL and The Stock Exchange in London

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, 13th January, 1983 and will close later the same day. This form must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

KINGDOM OF SWEDEN

ISSUE ON A YIELD BASIS OF £50,000,000 LOAN STOCK 2010

Payable as follows: On application £25 per cent. of the nominal amount. On or before 8th July, 1983 the balance of the issue price.

To: S. G. Warburg & Co. Ltd. and Morgan Grenfell & Co. Limited, on behalf of the Kingdom of Sweden

In accordance with the terms of the Prospectus dated 11th January, 1983, I/we apply as below. I/We undertake to accept the amount of Stock applied for or any less amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the said Prospectus.

Nominal amount of the Stock applied for	Amount enclosed at £25 per cent of the nominal amount applied for
£	£

FOR OFFICE USE ONLY

1. Acceptance No.
2. Amount of Stock accepted
3. Amount received on application £
4. Amount payable on Stock accepted £
5. Amount returned £
6. Balance payable £
7. A.L. No.
8. Cheque No.

Note: Applications must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:

Amount of Stock applied for	*Multiple*	*Amount of Stock applied for*	*Multiple*
£100 to £2,000	£100	£20,000 to £100,000	£1,000
£2,000 to £20,000	£500	£100,000 or greater	£25,000

Please pin cheque here

I/We enclose a cheque drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses made payable to "National Westminster Bank PLC" and crossed "Sweden Loan" representing payment at the rate of £25 per cent. for the above mentioned nominal amount of Stock. I/We agree that this application shall be irrevocable. I/We understand that the completion and delivery of this Application Form accompanied by my/our cheque constitutes a representation that the same will be honoured on first presentation. I/We hereby engage to pay the balance payable on the Stock so as to be cleared by 8th July, 1983 on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation. I/We acknowledge that any allotment letter and (if appropriate) remittance for any application moneys returnable to be sent to me/us is liable to be held pending clearance of such cheque.

I/We hereby request that any Stock allotted to me/us:

(Delete box A or B as appropriate)

Box A
Be evidenced by an allotment letter addressed to me/us and be sent by post at my/our risk to me/us at the first address shown below.

Box B *(For persons with a Euro-clear or CEDEL account only)*
Be evidenced by a Global allotment letter addressed to Euro-clear Operations Centre and that our participation therein be credited to our existing securities account at:

EURO-CLEAR A/c No.	
CEDEL A/c No.	

Date..............................1983.

Please use BLOCK LETTERS

(1) *Usual Signature* ....
Forenames ....
Surname ....
(also state designation: Mr., Mrs., Miss or title)
Address in full ....

Joint Applicants (if any):
In the case of joint applicants all must sign and, in the case of a corporation, this form must be signed under hand by an authorised official who should state his capacity.

(2) *Usual Signature* ....
Forenames ....
Surname ....
(also state designation: Mr., Mrs., Miss or title)
Address in full ....

(3) *Usual Signature* ....
Forenames ....
Surname ....
(also state designation: Mr., Mrs., Miss or title)
Address in full ....

(4) *Usual Signature* ....
Forenames ....
Surname ....
(also state designation: Mr., Mrs., Miss or title)
Address in full ....

ALTERNATIVE METHOD OF PAYMENT

(This method of payment is available only to recognised Banks or Stockbrokers as described in the Prospectus.)

We hereby irrevocably engage to pay National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD for credit to the account designated "Sweden Loan" by 10.00 a.m. on Wednesday, 19th January, 1983 the amount in Town Clearing Funds representing payment at the rate of £25 per cent. for the Stock allotted to the person(s) named above in respect of this application.

Authorised Signature ....

Name of bank or broker ....
Address in full ....
Date ....

Stamp of bank or broker claiming brokerage (if any)	A. L. No.	Stock allotted

UK COMPANY NEWS

Sotheby's falls £3m into the red

WITH AUCTION sales showing a reduction of some 24 per cent from £353.08m to £267.5m, Sotheby Parke Bernet Group, the fine art auctioneer, incurred a pre-tax loss of £3.06m for the year ended August 31, 1982, compared with £7.04m earnings previously.

The first-half loss before tax was £1.51m (£4.28m profit) and the group forecast then that following the pattern of the last two years, results for the second six months would be worse than the first. Also, auction sales for the full year were likely to be about 25 per cent less than the previous year's level.

However, Sotheby's now reports positive signs of renewed vitality in the art market, with a number of major collections consigned for sale by the group next spring and summer on both sides of the Atlantic.

Following the omission of the interim dividend, the group is paying a nominal 0.1p per share for the year in order to maintain trustee status. The cost will be approximately £11,500, compared with last year's £1.4m in respect of payments totalling 12.5p per share.

Gross revenue for the year 1981-82 declined from £65.4m to £52.78m. The loss attributable to ordinary holders came out at £2.12m (£4.06m earnings) and was struck after a tax credit of £1.73m (£2.72m charge), the preference dividend and an extraordinary debit this time of £531,000—arising from the sale of properties, closure and special redundancy costs.

Net loss per 25p share, excluding extraordinary items, was 13.9p (36.2p earnings). In current cost terms, the deficit per share was 20.4p (26.5p earnings).

The group's loss was largely attributable to a sharp reduction in the volume of sales, in particular the absence worldwide of large collections being sold at auction. This took place against a background of the high level of operating costs commensurate with the group's facilities then in use.

Firm measures were taken during the season to cut costs substantially. Certain facilities were consolidated and surplus buildings disposed of, while the number of staff worldwide was reduced by 30 per cent to 1,430 at the end of August.

The book value of the group's net tangible assets at the year end was £21.4m, compared with £22.5m a year earlier. The group's assets are largely represented by freehold and leasehold properties, which the board considers to have a market value in excess of book value.

Net indebtedness was substantially reduced to £4.3m, as against £7.2m, and there has been a significant improvement in the group's liquidity.

Since the year end the sale of Nash House in London for £1.8m has been completed and the proceeds received.

Commenting on the group's autumn results, which show a decline in sales from £112.2m to £80.87m for the period September-December 1982, Mr Graham Llewellyn, the chief executive, says the general weakness of the economy during the summer caused some consignors to adopt a "wait and see" attitude towards the market until after the autumn sales.

This was particularly true in New York where business was affected during the first few months of the current season by the move of some major painting departments from Madison Avenue to the group's new American headquarters on 72nd Street.

The group also undertook a major reorganisation which is now virtually complete. Significant changes have been made in its worldwide operations to reduce overheads while improving services and Mr Llewellyn says the company is now in a stronger position and still has the most comprehensive network of experts worldwide.

In London, the reorganisation of the Bond Street complex has been successful and prospects for spring and summer 1983 are good. The complex now includes the 19th and 20th century sales from Belgravia, the new Bloomfield Place salerooms and the expanded Conduit Street "Fast Sale" room.

In New York the group's new Auction Centre on 72nd Street has been enthusiastically received both by the American and by the international art market. A number of major collections have already been consigned for sale over the next six months—including the Havemeyer collection of Impressionist paintings.

Major modern paintings and American furniture from the G. David Thompson estate and a highly important work by Renoir are among the other highlights being offered in New York during the coming months.

See Lex

Mr Marshall Cogan, one of the two owners of General Felt Industries, the private U.S. company which has taken a 14.2 per cent stake in Sothebys, said in New York yesterday that "we are generally disappointed with these results and we are disturbed with the downturn in auction sales. We sense Sothebys is losing its pre-eminent position to Christies." Mr Cogan was also disturbed that the outlook is not more buoyant and that the Los Angeles office, the greatest area of demographic growth in the U.S., has been closed and remains unsold. He stressed that he and his partner, Mr Stephen Swid, were men of substantial economic means and have the capital to make a full bid. A bid was one of several options under review although GFI would not be rushed into any decision. "We are men of enormous patience," he said, "we have ample time."

Cosalt hit by £0.44m building provision

AFTER MAKING an exceptional provision of £437,000 in its system building division pre-tax profits of Cosalt are shown to have fallen by £326,000 to £254,000 for the 12 months ended August 29 last when compared with the preceding 35 weeks.

However, in the current year the directors are looking for improved returns from the trading activities of the group and based on this confidence they are recommending payment of a 2p final dividend which maintains the total at 3.5p net on an annual basis—2.33p was paid for the 35-week period.

Group turnover for the 12 months rose to £37.11m (£26.79m for 35 weeks) and after much higher interest charges of £918,000 (£410,000) but before the provision profits emerged at £691,000 (£610,000), only a little less than directors' earlier expectations.

These figures were after absorbing a £359,000 loss incurred by the system building division, which was caused principally by protracted delays in the commencement of a second contract in Algeria at a time when the group had insufficient other work to recover its overheads.

The directors say that in recent weeks it became apparent there was a serious over-run on costs on this contract in the current year and that this was the principle reason for the exceptional provision.

Tax for the year took £221,000 (£75,000 credit) and there were debits of £8,000 (£11,000) for minorities, £79,000 (£55,000) for preference dividends and £28,000 (£45,000) for extraordinary items.

At the attributable level there was a loss of £82,000, compared with profits of £544,000, equal to a deficit per 25p share of 0.5p (5.9p earnings) on a normal basis and earnings of 1.1p (6.9p) on a nil distribution basis.

A breakdown by division of turnover and profits before interest and provision for the year (£1.61m, against £1.02m) shows: ships' chandlery £19.03m (£10.44m for 35 weeks) and £1.15m (£236,000), caravans £14.21m (£9.98m) and £562,000 (£732,000), system building £729,000 (£5.11m) and £359,000 loss (£37,000 profit), refrigeration and air conditioning £2.16m (£1.1m) and £30,000 (£43,000 loss) and finance and aviation £984,000 (£162,000) and £231,000 (£58,000). Turnover included exports of £5.34m (£7.34m).

The caravan sector continued to do well despite extremely difficult trading conditions, ships' chandlery recovered some lost ground, refrigeration and air conditioning had a poorer second half but finished well up on the year (a further improvement is looked for) and the finance and aviation division benefitted from a higher number of contracts obtained by the aircraft broking subsidiary.

On a CCA basis there was a pre-tax loss of £147,000 (£319,000 surplus).

● comment

Cosalt's forecast at the interim stage of a rise in this year's profit was washed away in the rains and mud of an Algerian winter. The fledgling system building division won a £2.8m contract for 122 houses, the bulk of which was expected to be completed by the year-end. But the Algerian government ran into difficulteis in raising a loan to pay for the building, fire burnt out the cement suppliers before the foundations were laid—and then the rains arrived. £300,000 of anticipated profit was wiped out and £437,000 further loss has been taken above the line. The company's insistence on maintaining the dividend means that a loss of £836,000 on an inflation-adjusted basis has been charged to reserves and the gearing ratio pushed up to 75 per cent. About £4.5m, or two-thirds of borrowings, are in the form of bank overdrafts. The company's optimism for this year is based on the success of the ships' chandlery division, which has diversified away from dependence on the declining fishing industry into merchant shipping, offshore oil, carpet yarns (whose production technology is similar to that of fishing nets) and textiles. Sales of caravans and bookings for Cosalt's holiday caravan site are up over last year, although Cosalt has gained little advantage from the collapse last month of Caravan International which concentrated on the lower end of the market. The share price rose ½p to 33½p yesterday, propped up by a historic yield of 15.9 per cent.

Brown & Tawse advance

FOR THE six months ended September 30 1982 Brown & Tawse, the steel and tube stockholder and engineer, returned profits of £1.87m at the pre-tax level, matching exactly the figures of the preceding half year.

Profits for the first half of 1981-82 improved to £1.36m (£1.03m).

In his interim statement Mr S. Douglas Rae, the chairman, warns that demand for steel and tube products remains low and that trading conditions both in stockholding and in the marketing of hydraulic plant and equipment are highly competitive.

He points out that action is continuing to contain, and where possible reduce, costs through rationalisation and appropriate investment.

The success of these measures, he adds, and the diversity of the group's product range give grounds for "confidence in the outcome" for the year.

First half earnings per 25p share improved by 1.3p to 4.4p and the net interim dividend is effectively held at 0.7p after allowing for a one-for-one scrip issue—a final equal to 2.8p was paid previously.

Group sales moved ahead from £23.69m to £30.46m and operating profits emerged at £1.99m, compared with £1.26m, before interest charges of £124,000 (£97,000 credit).

Tax paid rose to £950,000 (£705,000) leaving net profits at £918,000, an improvement of £267,000. Retained profits totalled £771,000 (£504,000) after dividend payments of £147,000 (same).

● comment

Browne and Tawse's recovery from the collapsed levels of two years ago continues steadily, aided in particular by the sticking of the price increases imposed by Brussels. Some price erosion has been apparent since the summer, but B and T claims that its stock losses have been miminal. About 10 per cent of these profits have come from the Herbert-Dyson and JR Forrester acquisitions of early 1982. As regards other buys, B and T describes the situation as being "like the January sales." Not surprisingly, however, the applicants tend to come with gruesome balance sheets attached. So B and T should reach the year end with over £1m in net cash, and the company has a five acre site in Bromley-by-Bow on offer for a similar amount. Hydraulics represent about 12 per cent of first half profits, and growth is being achieved by expansion of exports, and additions to the franchise business. B and T says it is "extremely busy" at the moment. The seocnd half should bring in about £2m pre-tax, and a final payout of at least 3p seems on the cards. After the results the share gained 6p to close at 75p, yielding over 7 per cent, and indicating a prospective p/e of 8¼.

Decline at Murray Northern

Pre-tax revenue at Murray Northern Investment Trust fell from £547,772 to £425,825 in the six months to November 30, 1982. Dividends and interest receivable totalled £932,826 compared with £635,035.

The pre-tax figure was after interest on borrowed money, £456,304 (£51,486), and higher expenses of £50,697 (£35,777). There was a tax charge of £169,043 against £215,212. Net asset value per 25p ordinary and "B" ordinary shares was 123.4p at November 30. Estimated earnings per ordinary share were 2.05p.

The directors say continued reductions in interest rates appear likely in 1983 in order to stimulate activity and avoid an international banking crisis. With a gradual improvement in the world economy likely, financial assets should produce satisfactory returns over the coming year.

They say that while bond holdings have performed well, the percentage of shareholders' funds invested in equities has risen from 103.1 per cent shown in the last annual report to 108.2 per cent. An interim dividend of 0.6p was paid yesterday.

Mt. Charlotte

The offers made by a subsidiary of Mount Charlotte Investments to acquire the outstanding debenture stock of the Grand Hotel Company Bristol have been accepted in respect of 76.8 per cent of the first mortgage stock and 63.2 per cent of the second.

£1.35m by London Scottish Finance

A PRE-TAX profit of £1.35m is reported by London Scottish Finance Corporation for the 65 weeks ended October 26 1982, which compares with £1.04m for the previous 52 week period. On an annual basis, the result represents a marginal increase.

The final dividend is 2.3p net making a total for the 65 weeks of 3.2p, as against 2.33p in the previous year—the increase in the annual rate is 10 per cent. A one-for-two scrip issue is also proposed.

Turnover for the 65 weeks amounted to £11.27m, against £7.85m previously. The group is engaged in the provision of banking, consumer credit, debt collection, television rental and other financial services.

Finance costs for the period were £1.45m (£1.03m). Tax charge took £386,792 (£288,715) and after dividends of £382,833 (£275,238) the retained profit was £582,274, as against £471,950.

Undiluted earnings per 10p share came out at 8.1p, compared with a previous 6.6p.

● comment

Increased profits and a higher dividend are no mean achievement for a credit company specialising in small, unsecured loans to customers at the lower end of the scale at a time of widespread unemployment. Success at London Scottish, after discounting the change in the accounting period, is ascribed to tight control over loans, reflecting the close contact with customers via weekly collections and also the beneficial effect of declining inflation on fixed costs. Paradoxically, for a credit company, London Scottish is more vulnerable to labour and similar overhead costs than to interest charges. About 80 per cent of overheads are in personnel-related costs. Recession is indeed biting. The board admits to higher levels of arrears and bad debts but regards these as manageable. And, recession or not, the loan portfolio is 17 per cent up on the year. However, all the plaudits seem to have been won in the April to October period, and should not obscure the fall in profits in the opening six months. At 53p, the shares yield 7.2 per cent. Not as good as Provident Financial but good enough for these troubled times.

Carclo Eng. drops 14% at six months

While turnover of Carclo Engineering Group rose 6 per cent to £14.23m for the half year to September 30 1982, pre-tax profits fell 14 per cent to £843,000, compared with £985,000 last time.

Included in the figures is a provision of £170,000 to cover the anticipated cost of further rationalisation that is necessary in the group's card clothing division.

Earnings per 25p share dropped from 5.8p to 4.6p or from 6 to 5.2p fully diluted. The interim dividend however, is maintained at 1.3p net—last year's total was 3.9p on taxable profits of £2.28m.

Mr John Ewart, the chairman, says trading conditions are difficult worldwide, but the combination of lower UK inflation and interest rates, a lower value for sterling and the group's own increased efficiency should lead to an improvement in its trading position.

In present circumstances, it is very difficult to forecast with any confidence the timing of this improvement, Mr Ewart adds.

Net interest payable for the half year decreased from £360,000 to £335,000. After tax of £466,000 (£544,000), minorities and preference dividend, profits attributable to ordinary holders were down from £232,000 to £184,000. The ordinary dividend again absorbs £52,000.

The group's activities consist of the manufacture and merchanting of card clothing, speciality wire and engineering products.

FT share information

The following securities have been added to the Share Information Service:

Inter-American Development Bank 12½ per cent 2003 (Section: International Bank).

Pineapple Dance Studios (Leisure).

Rush & Tomkins

A single UK construction division is being formed from the existing companies in the Rush and Tompkins Group, and this will include the civil engineering company, Reed and Mallik. Existing contracts will be completed in the present names, but future works will generally be carried out as Rush and Tompkins.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Centrovincial Estates, Hogg Robinson, Stead and Simpson.

Finals:—Ashdown Investment Trust, Stakis.

FUTURE DATES

Interims:—

Ailsa Investment Trust	Jan 17
Austin (James) Steel	Jan 19
Caledonian Associated Cinemas	Jan 18
Estates Property Investment	Jan 19
Group Investors	Jan 18
Russell Brothers (Paddington)	Jan 14
Syltone	Jan 13
Textured Jersey	Jan 31

Finals:—

Anglia Television	Jan 26
Countryside Properties	Jan 18
Guinness (Arthur)	Jan 25
Leda Investment Trust	Jan 20

A. G. Barr holds dividend from reduced profit—£0.9m purchase

A NEAR £500,000 drop in pre-tax profits and a maintained dividend for the year ended October 31 1982 are reported by A. G. BARR, the Irn-Bru, Tizer, Jusoda and Strike Cola soft drink manufacturer. The company also announces the proposed acquisition of the business of Globe Soft Drinks for £895,474 cash.

Turnover of the Barr group showed little change at £32.74m, compared to £31.9m, while the profit fell from £3.28m to £2.8m after lower interest charges of £205,000 (£300,000). At halfway the profit had slipped by £64,000.

Earnings are shown to be down from 38.68p to 31.38p, but a final dividend of 4.115p gives a same-again total of 5.865p net. Adjusting for CCA earnings are 19.54p (25.61p) from a pre-tax profit of £2.05m (£2.45m).

Mr Robin Barr, the chairman, says profitable sales were harder to achieve because of the poor weather, slackness of demand through recession, and price cutting by UK franchise packers of internationally branded soft drinks to counter cheap imports of the same products from mainland Europe.

The assets being acquired comprise the capital of Globe Soft Drinks (the company) together with the assets, including goodwill but excluding heritable property, less the trade liabilities, of Globe Soft Drinks (Sales) (the partnership).

Both operate from the same premises at Loanhead, Midlothian, and distribute mainly throughout Edinburgh and the Lothians. The company makes and distributes soft drinks to the retail trade, while the partnership distributes soft drinks, cider, beer and other factored goods to the licensed trade.

At March 31 1982 the combined net tangible assets being acquired totalled £594,456, and the profits before tax for the past three years were £107,625 in 1979-80, £99,070 in 1980-81, and £20,284 in 1981-82.

Barr envisages tangible benefits arising from the merger of interests in the Edinburgh and Lothian area. Globe has established a broad customer base in the area during its 37 years of operation and "this will be invaluable in strengthening our position in the area."

Total consideration will be based on the latest audited accounts to March 31 1982 and will be subject to, on a £1 for £1 basis, any increase or reduction in the net assets of the company or the specific assets being acquired from the partnership, during the trading period from April 1 1982 to January 14 1983, the date of acquisition.

An initial payment of £657,627 will be made on the date of acquisition. Of the remainder, subject to the pro-rata application of the change in asset values referred to, £217,847 will be paid on production of audited accounts for the period to January 14 1983 and the balance on January 14 1984 or on agreement of the tax liabilities for the CAP to January 14 1983, whichever is the later. These will bear interest from the date of acquisition to the date of settlement at 10.5 per annum.

Barr has recently concluded an agreement with J. N. Nichols (Vimto), under which it will receive a total of £500,000 in return for relinquishing part of the exclusive UK rights to can and sell Vimto. Barr is budgeting to spend £2.25m on fixed assets in the current year, in addition to the acquisition.

● comment

A 15 per cent fall in pre-tax profits at A. G. Barr disappointed the market yesterday; the shares fell 8p during the day to 278p. Forecasts had been in the order of £3.5m but Barr could only come up with £2.8m. Nevertheless, it is using some of its surplus cash to buy Globe Soft Drinks for around £900,000. The acquisition is, apparently, intended to strengthen the group's activities in Eastern Scotland. The less than fizzy results were due mainly to indifferent weather and slack demand. Price cutting to counter the threat of cheap imports has also hit margins. But with a sound balance sheet containing net cash, the company is continuing its programme of capital expenditure with a budget of £2.25m to be spent on fixed assets in the current financial year. Asset backing must be the main support for the shares, which have a demanding p/e of 13 and a yield of only 3 per cent.

Ellis & Everard rises £0.12m

ALL DIVISIONS of Ellis & Everard, the chemical merchanting and processing group, continued to trade profitably in the six months to October 31 1982 and pre-tax profits for the period climbed from £803,000 to £919,000. At the annual meeting in October, Mr Simon Everard, the chairman, said he was hopeful that first-half figures would prove satisfactory.

Group turnover for the half year increased by some 31 per cent from £16.29m to £21.31m, but most of this rise (as well as most of the increase in taxable profits) was derived from the American subsidiary which made a useful initial contribution.

Mr Everard comments that large parts of the industrial economy of the UK are stagnant, and chemical consumption is much lower than he would like to see. However, the group is managing to improve its market share and he remains hopeful of a satisfactory outcome for the year as a whole.

The interim dividend is effectively being raised from 2.27p net to 2.5p per 25p share—the previous year's total payments were 5.909p after adjusting for the one-for-10 scrip issue. Pre-tax profits for that period came to £1.51m.

For the six months under review, taxable profits were struck after interest receivable of £42,000 (£63,000) and interest payable of £180,000 (£94,000). The tax charge was slightly lower at £316,000 (£319,000) and with minorities taking £19,000 this time, the attributable balance came through £100,000 higher at £584,000.

Dividends absorb £223,000, compared with £202,000, and the retained surplus was up from £282,000 to £361,000.

Stated earnings per share, adjusted for the minority interest, and last year's scrip were 9.9p (9.1p) before tax, and 6.6p (5.5p) after tax.

● comment

The move into the U.S. by Ellis & Everard has proved more timely than was perhaps at first apparent. The hoped for pick-up in the severely depressed domestic market did not materialise and the group has had to work hard to standstill. As a result most of the mid-year £116,000 pre-tax advance came from five months contribution from the 75 per cent debt finaced £1m U.S. purchase. AICC is producing a healthy 20 per cent return on total investment and though it had a dull start to the second half taxable profits should benefit from lower interest rates. The group has been helped with its entry to America by having ICI as its major shareholder. Further expansion there by acquisition is anticipated before year end, but to contain gearing at its present comfortable level of 36 per cent a rights issue or vendor placing must be on the cards. At home the merchanting product range is being widened to utilise slack. This together with some brighter spots in demand, including valuable new contracts and continued good trading in fine chemicals and manufacturing points to some improvement in the UK during the second half. Acquisitions are being considered elsewhere but it is from the U.S. that the short-term impetus must continue to come. Yesterday the shares were unchanged at 176p. With at least £1.8m pre-tax in view at full-time this puts the prospective p/e around 13.

Claverhouse pays more

A final dividend of 4.7p from Claverhouse Investment Trust raises the total from 6.55p to 6.95p net for the year 1982.

Gross and pre-tax revenue were little changed at £1.07m and £999,045, against £1.01m and £950,101 respectively the year before. After tax £302,177 (£291,955) the net profit came out at £696,868 (£658,146) for earnings of 6.97p (6.58p).

At the end of the year the net asset value per ordinary share worked out at 200.08p (167.16p).

The directors have already notified their intention of changing the company's name to Fleming Claverhouse Trust.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. G. Barr	4.12	April 7	4.62	5.87	5.87
Brown and Tawse ...int	0.7	April 6	0.7*	—	3.5*
Carclo Engineering int	1.3	Feb 25	1.3	—	3.9
Claverhouse Trust	4.7	—	4.3	6.95	6.55
Cosalt	2	March 2	2.33§	3.5	2.33§
Ellis and Everard ...int	2.5	March 14	2.27*	—	5.91*
London Scottish Finance	2.3¶	March 3	1.73	3.2¶	2.33
H. Samuel ...int	1.5	Jan 29	1.5	—	6.25
Sotheby Parke Bernet	0.1	Feb 18	9	0.1	12.5
F. H. Tomkins ...int	0.58	April 1	0.58	—	1.35

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 35 weeks. ¶ For 65 weeks.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Bank	10 %	Hargrave Secs. Ltd.	10½%
Amro Bank	10 %	Heritable & Gen. Trust	10 %
Henry Ansbacher	10 %	■ Hill Samuel	§10 %
Arbuthnot Latham	10 %	C. Hoare & Co.	†10 %
Armco Trust Ltd.	10 %	Hongkong & Shanghai	10 %
Associates Cap. Corp.	10 %	Kingsnorth Trust Ltd.	11 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	10½%
Bank Hapoalim BM	10 %	Lloyds Bank	10 %
BCCI	10½%	Mallinhall Limited	10 %
Bank of Ireland	10 %	Edward Manson & Co.	11 %
Bank Leumi (UK) plc	10 %	Midland Bank	10½%
Bank of Cyprus	10 %	■ Samuel Montagu	10 %
Bank Street Sec. Ltd.	10½%	■ Morgan Grenfell	10 %
Banque Belge Ltd.	10 %	National Westminster	10 %
Banque du Rhone	11 %	Norwich Gen. Tst.	10 %
Barclays Bank	10 %	P. S. Refson & Co.	10½%
Beneficial Trust Ltd.	10 %	Roxburghe Guarantee	10½%
Bremar Holdings Ltd.	11 %	Royal Trust Co. Canada	10%
Brit. Bank of Mid. East	10 %	Slavenburg's Bank	10 %
■ Brown Shipley	10½%	Standard Chartered	‖10 %
Canada Perm't Trust	10½%	Trade Dev. Bank	10 %
Castle Court Trust Ltd.	10½%	Trustee Savings Bank	10 %
Cavendish Gty Tst Ltd.	10½%	TCB	10 %
Cayzer Ltd.	10 %	United Bank of Kuwait	10 %
Cedar Holdings	10 %	Volkskas Intl. Ltd.	10 %
■ Charterhouse Japhet	10 %	Westpac Banking Corp.	10 %
Choulartons	10½%	Whiteaway Laidlaw	10½%
Citibank Savings	¶ 9 %	Williams & Glyn's	10 %
Clydesdale Bank	10 %	Wintrust Secs. Ltd.	10½%
C. E. Coates	11 %	Yorkshire Bank	10 %
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10 %		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12½%		
Robert Fraser	11 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.5%, 1-month 6.75%. Short-term £8,000/12-months 7.5%-9.1%.
† 7-day deposits on sums of: under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¼%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6¼%.
¶ Mortgage base rate.

1982-83 High	1982-83 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
133	120	Ass. Brit. Ind. Ord.	133	—	6.4	4.8	7.8	10.2
150	117	Ass. Brit. Ind. CULS	150	—	10.0	6.7	—	—
74	57	Airsprung Group	65	—	6.1	9.4	7.4	12.7
46	37	Armitage & Rhodes	37	− 1	4.3	11.6	4.2	7.3
286	197	Bardon Hill	286	—	11.4	4.0	12.0	15.1
123	100	CCL 11pc Conv. Pref.	122	—	15.7	12.9	—	—
270	240	Cindico Group	247	—	17.6	7.1	10.0	11.2
86	59	Deborah Services	59	− 1	6.0	10.2	3.9	10.5
151	125	Frank Horsell	151	—	7.9	5.2	6.3	6.8
83	62	Frederick Parker	62	—	6.4	10.3	3.1	6.0
56	38	George Blair	38	—	—	—	6.6	13.8
100	78	Ind. Precision Castings	80	—	7.3	9.1	10.3	12.9
135	100	Isis Conv. Pref.	135	—	15.7	11.6	—	—
125	84	Jackson Group	125	+ 3	7.5	6.0	3.8	8.0
172	111	James Burrough	170	—	9.6	5.6	12.4	13.8
280	172	Robert Jenkins	174	—	20.0	11.5	1.9	27.6
83	54	Scruttons "A"	74	—	5.7	7.7	9.6	11.6
167	117	Torday & Carlisle	117	− 1	11.4	9.7	6.2	9.0
29	21	Unilock Holdings	24	—	0.46	1.9	—	—
85	71	Walter Alexander	75	—	6.4	8.5	5.4	7.7
261	214	W. S. Yeates	254	—	14.5	5.7	6.7	14.1

Prices now available on Prestel page 48146.

BIDS AND DEALS

Anderson to decide on court move this week

BY RAY MAUGHAN

Anderson Strathclyde, the Glasgow-based mining machinery manufacturer, will decide either today or tomorrow whether to pursue its defence against a new bid from the mining finance group, Charter Consolidated through the courts.

Charter is also expected to announce its terms for a renewed offer before the end of this week. Anderson's recent agreement to buy a controlling stake in the U.S. National Mine Service group has delayed Charter's decision, but it is widely expected that a new bid will be forthcoming.

As concerted opposition began to organise against Charter in Scottish political and labour circles, Anderson was debating yesterday whether its grounds were sufficient to challenge the controversial decision by the Minister for Trade, Mr Peter Rees, to overturn the Monopolies and Mergers Commission recommendation that the bid from Charter should be blocked.

The Minister's decision, taken because the Secretary for State, Lord Cockfield, had announced a financial interest in Charter, has already caused one resignation from the Commission, that of Professor Andrew Bain, and further criticism from a union member of the Commission.

Anderson held a long board meeting in Glasgow to weigh up the merits of a court action and apparently one or two issues are still to be decided. It is likely, however, that the mining equipment group will seek a prima facie ruling from a judge whether to take its case against the Department of Trade to the divisional court which, if successful, would lead Anderson to seek an injunction against Charter.

Anderson has already taken the advice of two Queens Counsel and, although it understands that there are few if any precedents for an action of this kind, the opinion of its Counsel is that the Government's handling of the affair may lead the High Court to over-rule the Government decision as ultra vires.

The Strathclyde regional council has appealed to Anderson shareholders to reject any offer Charter may make. At a meeting attended yesterday by Labour's shadow Scottish Minister, Mr Bruce Millan, members of Fife regional council and district councillors from Lanarkshire, Mr Dick Stewart, leader of the Labour-controlled Stathclyde council, said "we wish to take every possible step to help block the takeover of this highly successful engineering group."

The repercussions of recent Department of Trade decisions against the recommendation of the Office of Fair Trading will be felt in the House of Commons on Wednesday next week when the Labour MP, Mr Michael Meacher tables a parliamentary question to determine the extent of Lord Cockfield's interests, if any, on the Isle of Man.

The OFT's advice that the bid for the Yorkshire textile group, Illingworth Morris, from Abele, a private company controlled by the owner of the Isle of Manx Bank, should be referred to the Monopolies Commission was overturned late last year by the Minister. Mr Meacher said yesterday that Lord Cockfield's "exercise of personal power and influence appears to be strongly against the public interest."

John Lloyd writes that further criticism of the Government's decision to override the Commission's report has come from within the Commission itself.

Mr Eric Hammond, general secretary elect of the Electrical and Plumbing Trades Union and a member of the Commission said yesterday that "the good, almost exceptional" working arrangements agreed between unions and management at Anderson Strathclyde would be jeopardised by the takeover, since the unions have said the agreements would not be transferred to a new company.

"The industrial relations scene and attitudes of work people to necessary change are important considerations to the assessment made. Millions of pounds of aid have been granted to Anderson Strathclyde at least partly on the basis of workforce co-operation. With that co-operation diminished after a takeover, then the basis of the decision to grant Government money is undermined."

LONDON TRADED OPTIONS

January 10 Total Contracts 2,951 Calls 2,380 Puts 571

Option	Ex'cise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity Close
BP (c)	300	10	11	25	4	40	1	302p
BP (c)	330	2	12	13	1	24	4	"
BP (c)	360	¾	—	5	55	10	—	"
BP (p)	300	7	1	24	—	32	—	"
BP (p)	330	30	—	42	—	52	2	"
CU (c)	120	18	18	21	5	24	7	137p
CU (c)	130	8	48	13	135	16	2	"
CU (c)	140	2½	55	8	12	10	1	"
CU (p)	120	1	3	4	—	7	—	"
CU (p)	130	2	15	7	—	12	1	"
Cons. Gld (c)	420	105	1	110	1	120	—	584p
Cons. Gld (c)	460	65	57	77	—	87	—	"
Cons. Gld (c)	500	28	127	50	47	65	15	"
Cons Gld. (c)	550	6	10	26	27	40	14	"
Cons. Gld.(p)	360	1	12	—	—	—	—	"
Cons.Gld. (p)	390	1	—	4	1	—	—	"
Cons. Gld.(p)	420	1	20	7	—	10	—	"
Cons. Gld (p)	460	3	3	12	—	20	—	"
Cons. Gld.(p)	500	8	6	25	—	30	—	"
Cons. Gld.(p)	550	37	10	42	—	50	—	"
Ctlds. (c)	70	7	2	11	—	13	—	76p
Ctlds. (p)	70	1	150	3	—	4	—	"
Ctlds. (p)	80	6	39	7	—	10	—	"
GEC (c)	187	28	1	—	—	—	—	212p
GEC (c)	197	18	25	30	1	—	—	"
GEC (c)	217	5	55	18	67	—	—	"
GEC (c)	220	—	—	—	—	32	12	"
GEC (c)	237	1	4	10	98	—	—	"
GEC (c)	240	—	—	—	—	20	4	"
GEC (c)	260	½	—	5	5	13	—	"
GEC (p)	217	9	14	17	10	—	—	"
GEC (p)	237	27	1	32	—	—	—	"
GEC (p)	260	50	—	35	—	60	10	"
Gr'd Met. (c)	240	100	2	102	—	—	—	340p
Gr'd Met. (c)	280	60	2	62	2	67	5	"
Gr'd Met. (c)	300	38	44	48	38	47	4	"
Gr'd Met. (c)	330	11	22	28	39	28	2	"
Gr'd Met. (c)	360	1½	—	15	49	17	1	"
Gr'd Met. (p)	330	4	20	12	6	15	2	"
Gr'd Met. (p)	360	24	—	29	—	33	2	"
ICI (c)	280	76	22	84	—	—	—	354p
ICI (c)	300	56	5	64	5	72	—	"
ICI (c)	330	28	—	34	20	44	—	"
ICI (c)	360	5	—	14	38	24	—	"
ICI (p)	300	3	—	10	4	16	—	"
ICI (p)	330	12	—	28	—	34	1	"
Land Sec. (c)	260	30	15	37	1	42	1	289p
Land Sec. (c)	280	11	27	22	3	28	2	"
Land Sec. (c)	300	1½	—	10	49	16	—	"
Land Sec. (p)	280	3	—	9	2	14	—	"
Mks & Sp. (c)	180	41	1	47	—	52	—	220p
Mks & Sp. (c)	200	21	12	28	—	33	—	"
Mks & Sp. (c)	220	4	35	15	3	21	—	"
Mks & Sp. (c)	240	1	1	7	1	12	—	"
Mks & Sp. (p)	220	6	4	11	3	17	—	"
Shell (c)	390	44	1	52	1	60	—	432p
Shell (c)	420	18	16	28	4	35	—	"
Shell (c)	460	2	—	12	—	22	16	"
Shell (p)	420	4	4	18	3	20	—	"
Shell (p)	460	30	—	38	—	42	4	"
		February		May		August		
Barclays (p)	360	5	—	11	4	15	—	393p
Barclays (p)	383	9	2	—	—	—	—	"
Imperial (c)	100	19	1	23	1	—	—	117p
Imperial (c)	110	10	1	14	2	18	—	"
Imperial (c)	120	3¾	2	8	30	12	—	"
Imperial (c)	130	1½	20	4	—	—	—	"
Imperial (p)	110	2	4	5	—	6	—	"
Lasmo (c)	300	22	—	37	8	52	—	302p
Lasmo (c)	330	10	20	25	3	35	—	"
Lasmo (c)	360	4	—	15	11	—	—	"
Lasmo (c)	390	3	—	6	7	—	—	"
Lasmo (p)	300	17	1	27	1	40	—	"
Lasmo (p)	330	37	—	45	1	60	—	"
Lonrho (c)	70	30	47	—	—	—	—	99p
Lonrho (c)	80	20	17	20	—	23½	2	"
Lonrho (c)	90	10½	74	12½	12	15	6	"
Lonrho (c)	100	4	70	6½	31	9	24	"
Lonrho (p)	80	1	30	2	—	3	—	"
Lonrho (p)	90	1½	5	5	—	7	30	"
Lonrho (p)	100	5	—	10	—	12	30	"
P & O (c)	120	3½	6	9	—	12	—	113p
P & O (c)	130	2	5	6	—	9	—	"
Racal (c)	500	70	—	85	10	—	—	564p
Racal (c)	550	32	9	50	20	75	—	"
Racal (c)	600	10	5	25	4	50	—	"
Racal (p)	500	4	—	13	10	—	—	"
Racal (p)	550	12	5	27	—	40	—	"
Racal (p)	600	40	15	47	20	60	—	"
Racal (p)	650	87	2	90	2	—	—	"
RTZ (c)	420	107	6	115	—	120	—	524p
RTZ (c)	460	67	97	77	2	90	—	"
RTZ (c)	500	30	74	53	29	65	13	"
RTZ (c)	550	11	6	27	64	38	18	"
RTZ (p)	420	2	10	7	—	13	—	"
RTZ (p)	460	4	—	11	3	22	5	"
RTZ (p)	500	13	—	24	5	34	—	"
Vaal Rfs. (c)	80	38	10	38½	—	39½	—	$118
Vaal Rfs. (c)	90	28	14	32	2	31½	—	"
Vaal Rfs. (c)	100	18½	46	22½	62	26	—	"
Vaal Rfs. (c)	110	12	3	17	12	21	4	"
Vaal Rfs. (c)	120	5½	62	11½	38	17	2	"
Vaal Rfs. (p)	100	1	—	4½	12	7	—	"
Vaal Rfs. (p)	110	4	14	9	5	11	—	"
Vaal Rfs. (p)	120	9½	5	13½	—	15½	—	"

C=Call P=Put

NEW LIFE BUSINESS

L & G peak despite home pensions fall

RECORD NEW business figures in 1982 on its worldwide operations are reported by Legal and General Group, despite a contraction in the UK group pensions market.

A strong performance in UK individual life and pensions business enabled new annual premiums for the group to nudge ahead at £102.7m against £102.2m, while single premiums advanced nearly 50 per cent from £60.5m to £88.1m and annuity considerations by almost 20 per cent from £13.9m to £16.4m.

The group reports healthy growth in most areas of its UK life business, including sales of self-employed pensions, ordinary savings contracts and protection plans, leading to new annual premiums rising 23 per cent to £39.5m (£32m). The successful launch of its guaranteed income and growth bonds helped boost single premium sales by 75 per cent to £61.7m (£35.7m).

Included in these UK figures are the results of the unit-linked subsidiary. It had a highly successful year with new annual premiums up one-third to £6.4m (£4.7m) and single premiums ahead two-thirds to £32.3m (£19.4m). Funds under management of this subsidiary have passed the £100m mark in five years.

Company pensions in the UK have been hit by the recession and L & G as the largest pensions office has accordingly suffered. New annual premiums fell one-fifth to £48.6m (£60.9m) and single premiums by a similar proportion to £18.4m (£23.8m). But for companies investing with L & G for the first time or negotiating improvements to existing schemes, new annual premiums were only slightly down at £11m against £11.8m.

There was considerable improvement in overseas business, especially in Australia where annual premiums climbed from £5.9m to £9m and single premiums from £700,000 to £6.3m.

Another year of highly satisfactory growth is reported by Victory Insurance Company, the specialist reinsurer within the L & G Group. New annual premiums rose 19 per cent to £12.3m (£10.3m), with life premiums advancing to £10.9m (£9.2m) and PHI premiums to £1.4m (£1.1m). Net new single premiums, however, fell back from £13.4m to £12.6m.

Phoenix Assurance reports steady growth in 1982 on its worldwide business with new annual premiums up 4 per cent from £27.1m to £28.3m and single premiums up 75 per cent from £24.6m to £42.5m.

In the UK, new annual premiums on individual policies of Phoenix advanced 9 per cent to £7.2m (£6.6m) but group business was cut by one-fifth to £8.1m (£10.2m). New annual premiums of the unit linked subsidiary Property Growth Assurance rose by one-third to £8m (£6.1m). This resulted in total UK annual premiums rising marginally from £22.9m to £23.3m.

UK single premiums were buoyant rising 60 per cent to £31.6m (£19.7m), with PGA having a 17 per cent increase to £21.8m (£18.6m).

Overseas, new annual premiums rose 19 per cent to £5m (£4.2m) and single premiums surged to £10.9m (£4.9m).

BEW management buy-out

THE LONGSTANDING family owners of Rochester-based BEW (Auto Products) have sold the entire share capital of the company to the existing management and its financial backers for an undisclosed sum.

The executive management of BEW, which makes a wide range of components for the motor industry and was established in 1907, will own 56 per cent of the company's share capital. Its backers, Meritor Investments and the Industrial and Commercial Finance Corporation (ICFC), have each acquired a 22 per cent stake.

Meritor Investments was set up in 1979 and is owned equally by the Midland Bank and the Rolls-Royce Pension Trust. The ICFC, established to provide funds for small and medium sized businesses, has in the past financed BEW.

Mr Douglas Robinson, who heads the new company, has been managing director for seven years.

McCorquodale U.S. purchase

McCorquodale, the specialist printer, has completed the purchase of a 20 per cent stake in the U.S. specialist publishing company Dealers' Digest for £1.4m.

The purchase, revealed by chairman Mr Alastair McCorquodale in his statement accompanying the report and accounts for the year ended September 30 1982, forms part of the group's overseas growth strategy, and in particular its plans to strengthen business in the U.S.

It was made through a wholly owned U.S. subsidiary. McCorquodale also has an option to increase its shareholding in the U.S. company.

Dealers' Digest publishes a variety of periodicals for the financial and investment banking communities. These include the weekly Investment Dealers' Digest, the half-yearly Mutual Fund Directory and the daily Eliot Sharp newsletter.

On prospects Mr McCorquodale says the group's companies generally are in excellent shape and should benefit substantially from any upturn in the economy. He adds that the overseas companies are continuing to strengthen and that the prospects for many of them are "very exciting."

The chairman comments that taken overall, the directors have "great confidence" in the group's future.

The directors have approved in principle a "sizeable" capital expenditure programme next year in the UK which, subject to detailed review and assessment at the point of ordering, could amount to £9m.

It has been decided that the strategic justifications for this "high level" of potential capital expenditure should not be compromised by any consequential adverse advance corporation tax implications which might flow from the decision.

The chairman points out that the directors have therefore agreed to finance by leasing from external sources up to £6m of the group's capital expenditure which, apart from being financially cost effective, should help to ensure that the group's effective overall tax charge will remain low and will not fluctuate wildly from year to year.

The directors are also proposing to introduce an employee share scheme which, if approved, would enable all UK employees with over five years service to acquire shares in the parent company.

As reported on December 15 group pre-tax profits for the year ended September 30 last rose by 24 per cent to a record £6.2m (£5m) — the sixth consecutive rise — on sales which advanced from £90.74m to £100.47m.

REDLAND DEAL COMPLETED

The £44m acquisition by Redland of 80 per cent of the capital of Boston has been completed. Boston is the holding company of McDonough Brothers, which is engaged primarily in the quarrying, processing and distribution of limestone from quarries with extensive reserves located near San Antonio, Texas.

EUROPEAN OPTIONS EXCHANGE

Series			Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sep. Vol.	Sep. Last	Stock
D/FL	C	F.265	1	2.80	6	3.50	—	—	F.257.65
D/FL	P	F.250	4	10	4	14	—	—	"
D/FL	P	F.265	36	12	27	17.50	50	22 A	"
D/FL	P	F.270	6	16	—	—	6	25.50	"
D/FL	P	F.275	2	20	1	25.50	—	—	"
D/FL	P	F.280	—	—	1	29.50	—	—	"
			Feb.		May		Aug.		
GOLD	C	$300	6	182	—	—	—	—	$474.75
GOLD	C	$375	8	102 B	7	114 B	—	—	"
GOLD	C	$400	13	78	—	—	3	99	"
GOLD	C	$425	65	50	10	75 B	10	85	"
GOLD	C	$450	257	33	60	54	5	74	"
GOLD	C	$475	149	19	92	44	23	56	"
GOLD	C	$500	131	14.90	90	29	—	—	"
GOLD	C	$550	482	5	188	15	—	—	"
GOLD	P	$375	10	0.50	—	—	—	—	"
GOLD	P	$400	20	1	54	5	30	8 B	"
GOLD	P	$425	15	1.20 B	240	8	5	15	"
GOLD	P	$450	33	6	23	17	60	23	"
GOLD	P	$475	73	18	16	27	2	34	"
GOLD	P	$500	48	30	50	39	—	—	"
GOLD	P	$550	—	—	1	82	—	—	"
12¾ NL 81 87-91									
	C	F.125	—	—	36	11.70	—	—	F.136.40
	C	F.130	—	—	51	8.50	—	—	"
	C	F.135	107	3	51	4.80	55	5	"
	P	F.130	—	—	100	1.20	100	2.80	"
	P	F.135	100	1.50	—	—	60	4.50	"
10¾ NL 80 86-95									
	C	F.107.50	—	—	50	8.50	—	—	F.115.70
	C	F.112.50	—	—	300	4.70	—	—	"
	C	F.115	—	—	—	—	100	3.80 B	"
	P	F.112.50	—	—	300	1.30	—	—	"
11¼ NL 82 88-92									
	C	F.110	—	—	50	10.10	—	—	F.119.70
	C	F.112.50	—	—	30	7.50	—	—	"
	C	F.115	—	—	15	6	—	—	"
	C	F.120	—	—	15	2.80	—	—	"
10 NL 82-11 86-89									
	C	F.105	—	—	60	9	100	10.50	F.114
	C	F.107.50	130	6.60	22	6.80	—	—	"
	C	F.110	—	—	210	4.50	—	—	"
7¾ NL 82 89-93									
	C	F.110	—	—	30	4	—	—	F.101.80
	P	F.102.50	—	—	269	2.30	—	—	"
			Jan.		April		July		
AKZO	C	F27.50	54	10.60 B	—	—	—	—	F38.40
AKZO	C	F.30	—	—	—	—	60	8.60	"
AKZO	C	F.32.50	—	—	32	6.10	—	—	"
AZKO	C	F.35	40	3.30 B	65	4.80	26	4.80	"
AKZO	C	F.40	—	—	317	2.30	81	3 B	"
AKZO	P	F.30	—	—	—	—	30	1	"
AKZO	P	F.35	—	—	175	0.90	—	—	"
GIST	C	F.120	29	12.50	54	14.80	—	—	F.132.50
GIST	P	F.110	—	—	42	2.60	—	—	"
GIST	P	F.120	—	—	108	4.80	—	—	"
HEIN	C	F.100	34	7.20 B	22	11	—	—	F.107.20
HEIN	P	F.90	—	—	220	2.50	—	—	"
HOOG	C	F.15	20	1.60	—	—	—	—	F.16.70
HOOG	C	F17.50	—	—	137	1.70 A	—	—	"
KLM	C	F.140	56	8	—	—	—	—	F.143.50
KLM	C	F.150	127	5.60A	—	—	—	—	"
KLM	P	F.110	—	—	42	5	—	—	"
KLM	P	F.140	—	—	29	18	—	—	"
KLM	P	F.150	32	9	30	23	—	—	"
NEDL	C	F.100	—	—	72	6	—	—	F.100.50
NEDL	P	F.100	59	2 A	66	6.20	—	—	"
NEDL	P	F.110	21	9.60B	—	—	—	—	"
NATN	C	F.130	5	0.70	50	3.50	—	—	F.126.70
PHIL	C	F.25	221	5.40 B	181	5.70	55	6.20	F.30.50
PHIL	C	F.27.50	959	3.20	106	3.80	123	4.10 B	"
PHIL	C	F.30	892	1.10 A	611	2.20	574	2.60	"
PHIL	P	F.25	—	—	50	0.20	10	0.50	"
PHIL	P	F.27.50	10	0.10	134	0.70	61	1	"
PHIL	P	F.30	278	0.30	244	1.40	—	—	"
RD	C	F.90	163	7.80	17	10.20	1	11.20	F.97.90
RD	C	F.100	405	1.50	102	4.70	236	5.70	"
RD	P	F.90	30	0.10	38	2.10	4	3.60	"
RD	P	F.100	57	2.90	89	5.80	9	7.60	"

TOTAL VOLUME IN CONTRACTS 13348

A=Asked B=Bid C=Call P=Put

Diamond sales pick up in second half of 1982

BY KENNETH MARSTON, MINING EDITOR

WHILE not giving cause for any throwing of hats into the air, there is a noticeable improvement in the value of world sales of rough (uncut) gem and industrial diamonds handled in the second half of 1982 by De Beers' Central Selling Organisation. It follows an increase in the first half of 1982 over the poor second half of 1981.

In terms of U.S. dollars, the currency in which diamond sales are made, the CSO sales figure for the second half of 1982 comes out at $632.7m (£395.4m) following $623.9m in the first half. The resultant total for the year of $1.26bn compares with $1.47bn in 1981.

De Beers, being a South African company, also announces the sales figures in rands. In this currency, second-half sales amount to R724.1m and following R635.5m in the first six months, the 1982 total amounts to R1.36bn against R1.25bn for 1981.

The distortion in the figures arises out of the fluctuating exchange rates between the two currencies. For most of last year the rand was falling in value against the dollar but a recovery developed in the later months.

A helpful factor in the second half of last year was the modest overall price increase of 2.5 per cent announced at the end of September. In the main the increase applied to the cheaper and smaller gem diamonds running in size up to about ½ carat in unpolished form (there are 142 carats to the ounce).

A heavy surplus of these small diamonds contrasted with a strong demand for the larger sizes, notably those in the so-called investment category, just before the market began to recede in 1980. Subsequently, the bigger diamonds plummeted from favour as higher U.S. interest rates signalled a more general recession.

By mid-1981 demand for the smaller goods began to pick up and it has since strengthened, particularly in the sizes going from 10 to 20 stones per carat in polished form. These and even smaller goods are cut and polished in Bombay.

Demand for the larger goods remained weak with the result that the CSO stockpile of unsold diamonds doubled to R1.4bn in 1981 and could have moved up to the R2bn mark in 1982.

However, there are now signs that the diamond market is over the worst. Excessive stocks held at the cutting centres have been reduced to more normal levels thanks to the CSO marketing policies and in New York there is at last a little interest being shown in the larger diamonds.

But as Mr Harry Oppenheimer, the De Beers chairman, pointed out last month it remains to be seen whether a real improvement is developing "or just a flash in the pan." A lot of fingers are being kept tightly crossed at the moment.

Still matters can only be helped by the easing in interest rates and by the buoyancy of stockmarkets, particularly in the U.S. Shares of De Beers have risen from 227p when the interim was halved in August last year to 450p yesterday when a wave of euphoria spread throughout virtually all sections of the mining sharemarket.

	Six months to June Rm	Dec Rm	Year's Total Rm
1982	635.5	724.1	1,359.6
1981	747.5	501.9	1,249.4
1980	1,267.2	874.4	2,141.6
1979	1,085.4	1,106.2	2,191.6
1978	1,063.5	1,155.4	2,218.9
1977	943.4	859.3	1,802.7
1976	681.9	670.0	1,351.9
1975	355.1	438.4	793.5
1974	525.5	313.6	849.1
1973	478.7	441.9	920.6
1972	323.4	332.1	655.5
1971	220.1	226.3	446.4
1970	200.7	177.7	378.4
1969	260.1	234.5	494.6

Gold mine profits advance in the December quarter

THE South African gold mining industry's latest quarterly reporting season has made a good start with an average increase of 25 per cent in net profits of the Consolidated Gold Fields group's mines in the December quarter of last year.

The average gold price received in the latest quarter rose 10 per cent to R15,569 per kg (equal to about $455 per oz at current exchange rates) while average costs rose only slightly to R50.83 from R50.53 per tonne of ore milled.

This, together with a small rise in gold production to 35,196 kg from 35,154 kg in the previous three months, left the group with a 14 per cent rise in working profits to R364m (£211m).

The boost to overall net profits has come from a much lower than normal increase in tax and State's share of profit as a result of the offset of higher capital expenditure by the mines. Consequently the overall tax charge has risen only 3.5 per cent whereas it was more than doubled in the previous quarter.

A notably good performance has been achieved by the young Deelkraal mine which in the past has suffered its full share of initial disappointments. In the latest quarter its net profits (tax liability has not yet arisen) have advanced a further 29 per cent to R11.3m, helped by increased production and lower units costs.

A 27 per cent increase in net profits is reported by Doornfontein despite a fall in gold production resulting from a decline in grade. The big Driefontein Consolidated has lifted earnings by 26 per cent in the quarter despite some fall in gold output.

Exceptionally, both Kloof and Venterspost have incurred sizeable increases in tax liability but net profits are still up by 21 per cent and 25 per cent respectively as a result of increased gold production and lower costs.

Libanon's rise of 19 per cent in net profits largely reflects the higher gold price received, this offsetting a fall in gold output—as a result of lower grade—and an increase in costs.

The veteran Vlakfontein, which ceased underground mining in 1977 and now mills low grade ore from surface dumps and outside sources, produced and earned slightly less in the past quarter.

Latest quarterly net profits of the individual mines in the group are compared in the following table.

	Dec qtr R000	Sept qtr R000	June qtr R000
Deelkraal	11,339	8,801	3,888
Doornfontein	14,584	11,482	12,450
Driefontein	109,845	86,280	122,798
Kloof	41,721	34,480	28,974
Libanon	16,847	14,005	10,573
Venterspost	4,771	3,805	†2,878
Vlakfontein	650	695	404

† Includes state assistance.

International round-up

A STRIKE by labourers has halted construction work at the A$1.6bn (£1bn) Ok Tedi gold and copper mine in the Fly River region of Papua New Guinea.

Ok Tedi Mining, the operating company, is owned as to 30 per cent by Australia's Broken Hill Proprietary, 30 per cent by Amoco Minerals, a subsidiary of the U.S. oil major Standard Oil of Indiana, and 20 per cent by the Government of Papua New Guinea, with the remainder in the hands of Kupferexplorationgesellschaft, a consortium of West German metals companies.

Recoverable reserves are estimated at more than 400m tonnes of ore. Gold production is due to begin in March next year, with copper following two years later. The mine has a life of between 25 and 30 years at planned extraction rates.

* * *

Hecla Mining, the big U.S. silver producer, plans to reopen the Sherman lead-silver mine in Leadville, Colorado, immediately. The mine was closed a year ago because of the depressed level of world silver prices.

The company plans to make certain improvements in surface facilities and carry out an underground development programme to determine whether there are sufficient ore reserves to maintain a normal production schedule. Full production would provide 70 or 80 jobs.

Hecla operates the mine for its owner, Leadville Corporation, and receives 60 per cent of the net profits.

* * *

Billiton, a subsidary of the Shell oil group, has bought 6 per cent of Halco Mining from Martin Marietta Aluminum of the U.S. for an undisclosed sum.

Halco is joint owner with the Government of Guinea of Compagnie des Bauxites de Guinea (CBG), which operates a bauxite mine in the Boke district of Guinea, west Africa. The purchase includes rights to 6 per cent of CBG's bauxite production.

Anaconda to close Butte copper mine

LOW COPPER prices have forced Anaconda Minerals, a subsidiary of the Atlantic Richfield oil group, to decide on the closure of its operations at Butte, Montana, once described as "the richest hill on earth."

Most of Anaconda's 700 employees, about 5 per cent of the local workforce, will be laid off by June 30, with a small number being retained to keep the mine on a care and maintenance basis.

Thoe company is currently receiving about 69 cents (43p) per pound of copper under existing contracts, compared with production costs of $1.20 per pound.

The recent renewal of strength in the world copper price has apparently come too late to save this historic mine, which at its peak employed around 20,000 people.

Wall St soars to new high

WALL STREET stock prices soared and the Dow Jones Industrial Average closed at a new high as the market continued to reflect investor expectations of lower interest rates and a stronger economy.

The average spent most of the morning on the down side, falling as much as 7.64 points after some profit-taking in the blue chips. But by noon it started to record gains.

It rose more than 20 points before easing back to close up 16.28 at a record 1,092.35. It was the third successive session that the average had closed at a new high.

* * *

AT MIDSESSION the average was up 3.95 points at 1,080.02; the New York Stock Exchange was up 39 cents at $84.06.

Analysts said investors are watching interest rates closely. Wall Street generally believes rates must continue to decline if the economy is to start a recovery in the next few months.

The market also found some support from a report by purchasing managers that although the economy remained weak in December, there was some slowing in the rate of decline in incoming orders and in the speed of vendor deliveries.

Gold stocks were especially strong, reflecting the sharp rise in the price of the metal. Hecla Mining rose $2 to $24½, Homestake 2½ to $62, Newmont Mining 1⅞ to $61½, Benguet 1⅛ to $10⅝ and ASA 3½ to $77.

Among Blue Chips, active IBM put on ⅞ to $97½, Du Pont ⅞ to $41⅛, Alcoa ½ to $33⅞, Westinghouse 1⅞ to $41½, General Electric 1½ to $98 and Minnesota Mining 1½ to $76½.

Burlington Northern rose 1⅞ to $59½ following news that it has reached an agreement to acquire a majority stake in El Paso for $24 a share. El Paso, which had not yet opened for trading, closed on Friday at $24.

THE AMERICAN SE Market Value Index moved up 4.92 to 367.43 at 1.00 pm. Volume 5.5m shares.

Canada

Gold and Oil issues figured prominently in a further broad advance in heavy early dealings. The Toronto Composite Index was ahead 17.9 at 2,091.1 at midday, while the Oil and Gas Index climbed 66.0 to 3,088.1. Golds 51.5 to 4,902.6 and Metals and Minerals 13.6 to 2,066.0.

Crown Trust remained halted at C$62 pending an announcement. The company is involved in the seizure of assets by the Ontario Government, which is investigating the financing of a recent sale of 11,000 Toronto apartment units.

Tokyo

After a further rise to a new all-time high in Saturday's half-day session, the Tokyo market closed lower for the first time in 11 business days yesterday on profit-taking. Investors were also adopting a cautious attitude to the high price levels and the possible tightening of curbs on margin trading.

The Nikkei-Dow Jones Average, which moved ahead 40.83 more on Saturday to a record 8,210.02, retreated 37.36 to 8,172.66. The Tokyo SE index, 2.66 stronger at 602.17 on Saturday, relinquished 2.52 at 599.65. Trading was fairly active with volume of 430m shares but amounted to less than half of Friday's 950m, which was the heaviest one-day trade for 10 years.

A Yamaichi Securities analyst said the setback is a temporary adjustment after the fast rise and the market undertone remains strong in view of the yen's firmness and falling interest rates here and abroad.

Tighter curbs on margin trading could be imposed at any time as margin buying positions are expected to have risen substantially last week, a Nomura Securities analyst commented. Share prices may rule easier over a short period on the possibility of tighter margin curbs but the undertone is expected to remain very firm, he added.

International Populars such as Motors, Light Electricals and Precision Instruments led the fall, followed by many Domestic Industry issues.

Hitachi lost Y7 to Y817, Sony Y40 to Y3,440, Matsushita Electric Y20 to Y1,400, Nissan Motor Y12 to Y787, Fuji Photo Y30 to Y1,900 and Takeda Y7 to Y910.

Despite the yen's further advance against the U.S. dollar, Oils and Electric Power concerns declined on profit-taking.

Germany

With professional investors taking further profits on the market's recent advance to a 3½-year high and uncertainty over the pending March General Election overshadowing sentiment, shares lost further ground early yesterday. However, there was a partial recovery later, helped by some fresh foreign *buying interest*.

The Commerzbank index, based on mid-session prices, was 3.0 easier at 766.1, compared with last year's closing 3½-year peak of 777.6.

Stores rebounded strongly late in the session, Kaufhof ending DM 6 ahead at DM 199. Horten gained a net DM 1 at DM 119, after DM 116, while Karstadt was just DM 0.50 off at DM 197.50, after DM 195.

Steels were firm amid hopes that the Korf insolvency will force the Bonn Government to step in with a comprehensive aid programme soon. Krupp Stahl rose DM 0.90, Mannesmann DM 0.30 and Thyssen DM 0.40.

Metals provided good features in Preussag, DM 6.50 up at DM 217.50, and Metallgesellschaft, DM 2.70 higher at DM 218.70.

Prices for Domestic Bonds moved up an average 50 pfennigs as expectations of impending key interest rate cuts in the U.S. and West Germany took hold of the market.

Australia

The strong and widespread rally evident for most of last week continued yesterday in heavy trading. Brokers reported local and foreign demand by both large and small investors.

The All Ordinaries index closed 10.6 higher at 526.2, while the Metals and Minerals sub-group index added 14.5 at 439.9, Oil and Gas 11.0 at 445.3 and Industrials 7.5 at 657.6.

Gold stocks advanced with the higher physical price and easing U.S. dollar, GMK gaining 30 cents at A$10.20, Central Norseman 20 cents at A$9.00, Emperor 15 cents at A$1.85 and Bougainville 12 cents at A$2.18.

BHP forged ahead 28 cents to A$7.22 and Crusader Oil 35 cents to A$4.90.

Hong Kong

Drawing fresh encouragement from the significant advance record levels on Wall Street last week, Hong Kong stocks sharply extended their recent recovery yesterday in much-improved turnover.

The Hang Seng index climbed well above the 800 mark to end 46.29 stronger at 845.15. Combined turnover on the four exchanges expanded to HK$239.40m from last Friday's HK$1?7.71m.

Prices opened firmer but traders were reluctant immediately to enter the market, brokers said. However, share prices accelerated their advance in heavy volume towards the close.

Paris

Shares tended to improve afresh in active trading in response to a half-point cut in bank base rates to 12½ per cent.

Yesterday's ⅛ of a point rise in the Call Money Rate to 12⅞ per cent, which was seen as a technical move, had no impact on market sentiment.

Johannesburg

Gold shares moved sharply ahead with the Bullion price on heavy demand, but closed mostly off their day's highs on profit-taking. Heavyweight Randfontein rose R9.50 to R179, while among cheaper-priced producers, Sallies closed R1.10 higher at R10.30, after R10.60.

NEW YORK

Indices

NEW YORK – DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO Composite

New York Active Stocks

CANADA

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

HOLLAND (continued)

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.78½ (Discount of 16½%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON STOCK EXCHANGE

Domestic stocks fall as pound comes under pressure but international mining issues soar to new heights

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 31	Jan 13	Jan 14	Jan 24
Jan. 17	Jan. 27	Jan. 28	Feb. 7
Jan 31	Feb 17	Feb 18	Feb 28

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government securities and industrial shares spluttered as the ailing pound came under fresh pressure yesterday in foreign exchange markets. In sharp contrast, international mining stocks, led by Gold shares, soared to new peaks. South African Golds were buoyant with the FT Gold mines index jumping 30.7 more to a best-ever 619.5. Australian mining and industrial issues were not outdone and scored numerous good gains.

Sterling nervousness was apparent throughout the market session. Renewed support by the authorities masked any significant deterioration until it was withdrawn when the rate against the dollar and other leading currencies weakened markedly. The outcome was that leading shares, which had started slightly harder for choice reflecting Wall Street influences, became unsettled and often closed several pence lower. Similarly, marginal early recoveries among Gilt-edged were eventually transformed into losses ranging to over a point after the official, 3.30 pm, close.

Institutional operators in equities either lowered buying limits or withdrew them completely with the resulting lull in activity from these sources contributing to the downturn. Specialist interest was aroused by an unusually long list of weekend Press recommendations; Investment Trusts were a major beneficiary. Most constituents of the FT Industrial Ordinary share index, however, ended lower. This measure closed 7.3 down at 613.7 after posting a fractional, 0.5, gain at the first calculation of the day.

Comment of the attractions of index-linked Gilts as hedging mediums fuelled fresh demand which led to further gains extending to 1¼ points, despite the growing feeling that new Government funding would be in this medium. Conventional Gilts suffered as a consequence and longer-dated stocks were over a point down late with Treasury 13½ per cent 2004-08 being quoted at around 120½ as against 121½ shortly after the official close.

Ten new lines of fixed-interest stock in S. Pearson were officially listed yesterday, five First Mortgage Debenture stocks and five Unsecured Loans, all issued in exchange for stock in Pearson Longman, Doulton and Co, Doulton Engineering and Millbank Trust.

Hambro Life dull

A warning from analysts that Life Assurance companies face a period of intensified competition unsettled the sector. Hambro Life were particularly hard-hit and shed 14 to 318p, while Legal and General fell 11 to 332p. Britannic gave up 10 to 330p and Refuge 4 to 302p, but Pearl and Prudential closed just a shade easier at 523p and 332p respectively.

Excise duty increases in the surprise Irish mini-budget announced late on Friday unsettled Arthur Guinness, which, despite being the subject of numerous Press mentions over the weekend, eased 4 to 105p. Other major Breweries held close to Friday's levels in a subdued and featureless session. Elsewhere, Distillers touched 247p before settling for a net gain of a penny at 245p following the 8 per cent increase in whisky export prices. Buyers returned for Arthur Bell which rose 3 more to 293p for a rise of 23 on the Account so far.

Timber issues claimed most of the attention in Buildings, quotations displaying further useful gains following a general re-rating on recovery prospects. Meyer International were actively traded and put on 9 to 125p. Travis and Arnold gained 6 to 300p, while John Carr (Doncaster) rose 7 more to 155p and Trent Holdings firmed 4 to 102p. The leaders, a few pence firmer at first, turned easier as interest faded and closed with modest falls in places. Blue Circle settled 7 off at 455p, while Tarmac ended 6 down at 444p and BPB Industries 4 lower at 538p. Elsewhere, Turriff found support and firmed 8 to 234p, while Bryant Holdings hardened 2 to 61p and Francis Parker 1¼ to 25p. Bellway were quoted at 113p ex the rights issue; the new nil-paid shares opened at 21p premium and touched 24p premium before closing at 23p premium.

Investment interest in ICI failed to revive and the price softened 4 more to 354p. Hickson and Welch, still responding to the better-than-expected preliminary results, hardened 3 further to 309p. Novo Industries "B" met fresh buying interest and rose 3½ to £148.

Profit-taking in Stores

A rising market recently reflecting exceptionally favourable reports about New Year sales, leading Stores encountered sporadic profit-taking following a more cautious weekend Press. Marks and Spencer featured with a fall of 6 to 218p.

Racal took a distinct turn for the worse and fell 35 to 562p following weekend Press comment suggesting that the company is due for a pause in growth. Other leading Electricals followed the general trend, Plessey falling 15 to 627p on profit-taking after recent firmness on the deal with Rockwell of the U.S. GEC eased 6 to 212p, while Thorn EMI, interim results due on Friday, lost 7 to 438p. Press comment prompted an active business in Norsk Data, which closed 3½ higher at £14½, while H. Wigfall improved 8 to 178p for a similar reason. Immediate Business Systems advanced 18 to 280p and Cray Electronic 5 to 110p, but occasional offerings left MK Electric 7 lower at 335p.

Apart from Vickers, which met occasional support and improved 3 to 96p, little worthy of note developed in the Engineering leaders. Elsewhere, Brown and Tawse rose 6 to 75p on the increased interim profits, while satisfactory half-year figures left Carclo 4 higher at 48p. Renewed support lifted ML Holdings 9 further to 324p. Other firm spots included Hall Engineering, 4 to the good at 126p, and W. Williams, up 2 further at 89p.

Against the easier trend in Foods, S. and W. Berisford rose 4 to 198p. Among Retailers, J. Sainsbury softened 6 to 397p and Tesco a couple of pence to 126p, while Argyll gave up 4 to 116p. Bejam came on offer on talk of a broker's downgraded profits estimate and shed 7 to 151p, while Batleys of Yorkshire, a firm counter on Friday, reacted to 84p before closing a net 8 down at 88p following the chairman's gloomy statement on prospects. Elsewhere, A. G. Barr also gave up 8, to 278p—on disappointment with the annual results.

Sotheby's active

Sotheby's were actively traded and rallied from 460p in front of the preliminary figures to 490p before reacting to 470p for a net fall of 3. Polly Peck came back a point to £27 and Cornell 7 to 228p. Sidlaw also turned reactionary at 308p, down 6. In contrast, news of the joint venture talks with Lucas prompted a gain of 6 to 392p in Smiths Industries, while the former hardened a penny to 141p. Reflecting the strength of the bullion price, Johnson Matthey advanced 17 to 337p. Favourable Press mention prompted gains of a couple of pence in Ingall Industries, 62p, and Hestair, 46p. Hong Kong stocks made headway, Jardine Matheson advancing 15 to 140p and Swire Pacific "A" 11 to 92p, while other overseas stocks to make progress included Broken Hill Proprietary, up 29 at 457p, and CSR, 10 to the good at 206p among Australians. The continuing weakness in sterling made for uneasiness in the miscellaneous industrial leaders. Beecham closed 10 down at 345p and Boots ended similarly cheaper at 239p. Against the trend, Reed International encountered support and closed 8 higher at 240p, after 242p.

Travel issues drew fresh strength from further reports of increased package holiday bookings. Intasun were particularly good and put on 6 to 107p, while Horizon hardened 3 to 195p and Saga 4 to 102p. Elsewhere in the Leisure sector, Samuelson Film Service attracted further speculative demand in a thin market and gained another 35 to 420p, while the appearance of buyers prompted a jump of 50 to 450p in London Pavilion. Nimslo International, at 110p, regained half of Friday's fall of 20 on news that the company had signed a manufacturing and marketing deal in France to ease cashflow problems.

Motor Distributors were relatively subdued, although Jessups responded to a Press mention with a gain of 5 to 47p.

Properties close dwith small irregular movements. Recent high-flyer Stewart Nairn encountered profit-taking and shed 2 to 78p, but Rush and Tompkins continued to attract support and touched 170p before closing a couple of pence dearer on balance at 168p; yesterday, the latter announced the appointment of two new directors. Percy Bilton, a rising market last week on speculation about the late chairman's interest in the company, put on 4 more to 208p, while Rosehaugh met revived interest and gained 7 to 177p. City Site put on 3 to 30p with the 10 per cent Convertible the same amount up at 29p. Hongkong Land gained 5 to 41p and Swire Properties 7 to 52p on Far Eastern advices.

Marinex advance

Interest in the Oil share market faded with quotations drifting lower, late sentiment not being helped by the initial setback on Wall Street. BP reacted 6 to 302p and Shell 4 to 432p. Among the more speculative issues, Carless Capel advanced 7 to 130p following Press comment on the Horndean drilling prospects, with Marinex rising 11 to 53p in sympathy after a lively business.

Lonrho attained a 1982-83 peak of 100p before easing to finish only a net penny dearer at 98p following widespread conjecture regarding the future ownership of the "Observer" group of newspapers, reported to be for sale in the weekend Press but denied yesterday by Lonrho.

As on Friday, Japanese-orientated issues featured another strong demand for Investment Trusts. Fleming Japanese rose 8 to 287p with the B 17 higher at 282p, while GT Japan advanced 21 to 470p, and Crescent Japan 9 to 448p. Jardine Securities jumped 14 to 86p. Financials also made a good showing with Mercantile House 28 to the good at 660p. Exco, 375p, and R. P. Martin, 355p, both gained around 15. Renewed interest was also noted for Aitken Hume, 10 dearer at 372p.

Firm of late, Tobaccos reacted to profit-taking and Bats, at 660p, gave up 17 of Friday's currency-inspired gain of 30. Imperial finished 6 cheaper at 115p.

Currency influences and the continued buoyancy of the bullion price resulted in smart gains among South African industrials. Barlow Rand advanced 20 to 880p, while South African Breweries closed 13 to the good at 325p. Messina, additionally bolstered by the strength of the copper price, rose 18 to 265p.

Golds soar

Persistent and growing fears of a possible currency crisis, which could lead to a further boom in precious and base-metals, prompted a fresh upsurge in gold and other leading metals and led to another day of hectic activity.

Golds continued to lead the way with the Gold Mines index jumping a further 30.7 to a record 619.5—a rise of over 67 points in the past four trading days. Bullion advanced $9 to $474.5—its highest closing level since September while strong gains were also seen in platinum and silver.

The Gold share market opened on a very firm note, reflecting good gains in U.S. markets on Friday evening, and raced ahead in the wake of heavy and widespread international buying.

Profit-taking emerged during the late afternoon but this was generally offset by the marked weakness of sterling against the dollar. In late after-hours' business, gold jumped to $484 and shares rose afresh on American buying..

Among the leading heavyweights, Randfontein again took the honours and rose £3¼ to £87, after £87½, while gains in excess of £1½ were common to Hartebeest, £47½, Southvaal, £39¾ and Western Deep, £40¾.

Financials mirrored Golds with the majority of the South African issues moving to 1982-83 highs. The modest recovery in diamond sales in 1982 encouraged renewed support for De Beers, which jumped 20 to 450p, while gold-orientated stocks were highlighted by "Amgold," up £2¾ to £74¾.

London Financials continued to make progress but closed below the best. RTZ were finally 2 harder at 522p, after 530p, Gold Fields added a like amount at 522p, after 528p, and Charter put on 3 to 253p, after 258p.

Platinums showed rises of between 15 and 20 common to Impala, 595p, after 600p, Lydenburg, 345p and Rustenburg 465p, after 470p.

Australians provided a host of features with heavy London buying following the sharp rise in overnight Sydney and Melbourne markets.

In the leaders, double-figure gains were seen in Western Mining, 250p, MIM, 265p, CRA, 250p, Bougainville, 136p, while among Golds, GMK jumped 25 to 635p. Speculative issues were highlighted by ACM, which closed 5½ firmer at a 1982-83 high of 24p following favourable Press comment. The UK-registered Hampton Areas surged 20 to a 1982-83 high of 244p in response to sizable investment support.

Elsewhere, Cons Murchison jumped 50 to 380p reflecting the strength of South African mines while America's Homestake advanced a full point to a 1982-83 high of £37¼.

An active morning session boosted contracts done in Traded Options to 2,951—well above last week's daily average of 2,259. Dealers reported substantial public, as opposed to institutional, demand with considerable money being directed towards mining issues.

FINANCIAL TIMES STOCK INDICES

	Jan. 10	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Dec. 31	A year ago
Government Secs. ...	79.85	80.11	80.46	81.32	81.45	81.19	62.24
Fixed Interest.........	81.83	81.85	81.91	82.25	82.11	81.93	62.88
Industrial Ord..........	613.7	621.0	615.1	612.7	596.9	596.7	531.4
Gold Mines............	619.5	588.8	587.3	559.6	552.2	556.5	298.0
Ord. Div. Yield.........	4.88	4.81	4.85	4.89	5.02	5.05	5.65
Earnings, Yld.% (full)	10.52	10.37	10.44	10.53	10.82	10.88	9.92
P/E Ratio (net) (*).....	11.40	11.58	11.49	11.40	11.09	11.03	12.87
Total bargains.	18,100	24,042	21,747	21,006	15,185	18,003	16,037
Equity turnover £m.	—	252.18	314.26	183.35	116.25	79.26	113.0
Equity bargains......	—	21,690	21,164	19,154	14,648	11,442	12,757
Shares traded (ml)...	—	167.0	108.6	131.8	85.2	69.1	95.7

10 am 621.8. 11 am 619.3. Noon 617.6. 1 pm 616.3.
2 pm 615.9. 3 pm 616.3.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.
Latest Index 01-246 8026.
Nil=10.60.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	85.64 (5/11)	61.59 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.....	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord......	637.4 (12/11)	518.1 (5/1/82)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines..	619.5 (10/1/83)	181.2 (22/6)	619.5 (10/1/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 7	Jan. 6
—Daily Gilt Edged Bargains...	207.3	208.9
Equities Bargains...	140.5	137.1
Value..........	509.7	685.2
5-day Avrge Gilt-Edged Bargains...	165.2	151.8
Equities Bargains...	114.2	107.1
Value.........	382.1	358.1

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

... 1983. Q Gross. † Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Arlen Elec	121xr	+2	Nimslo	110	+10
Baltic Leasing	175	+12	Norsk Data	£14½	+3½
Boots	239	−10	Polly Peck	£27	−1
Grosvenor	38½	+5½	Sothebys	470	−3
Marinex	53	+11	Vaal Reefs	£73	+1½
Micro Buss Systems	225	+20	Western Deep	£40⅞	+1⅞

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Fri. close	Day's change	Stock	No. of changes	Fri. close	Day's change
RTZ	31	520	+38	Plessey	13	642	+17
Glaxo	19	£14	−¼	De Beers Dfd	12	430	+10
Wolseley-Hughes 'New'	18	110pm	+42	Fidelity Radio	12	107	+8
Wilkes (J.) ...	17	262	+42	ICI	12	358	−4
BAT Inds	16	£77	+30	Int Sig & Cont	12	274	+20
Cns Gold Flds	14	570	+20	Rank Org	12	172	—
Sidlaw Grp ...	14	314	+18	Shell Trans ...	12	436	+4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Mon Jan 10 1983

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FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 10	Jan 21	April 21	May 3
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31

For rate indications see end of Share Information Service

Sharply increased demand for options resulted in calls being taken out in GEC, First National Finance, Grosvener, Rank Organisation, North Kalgurli and the Options, Fleet Holdings, Rockware, Feward Technology, Chloride, Arthur Guinness, John Brown, Carlton Real Estates, Combined Technologies, Moben, Marks and Spencer, Sangers, Gestetner A, Bats, British Vending Industries, KCA Drilling, Delyn, Immediate Business Systems, Stewart Nairn, Grattan, Minet, Vickers, Kia Ora Gold, GKN, Peko-Wallsend, Robeco, Charterhall, FKI, Polly Peck, Pacific Copper and Berkeley and Hay Hill Investments. No puts were reported, but doubles were struck in Combined Technologies and North Kalgurli Options.

NEW HIGHS AND LOWS FOR 1982/83

NEW HIGHS (352)

BRITISH FUNDS (6)
AMERICANS (12)
CANADIANS (6)
BANKS (2)
BREWERS (3)
BUILDINGS (15)
CHEMICALS (2)
DRAPERY & STORES (5)
ELECTRICALS (9)
ENGINEERING (6)
FOODS (3)
INDUSTRIALS (23)
INSURANCE (1)
LEISURE (1)
MOTORS (3)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (4)
SOUTH AFRICANS (5)
TEXTILES (4)
TRUSTS (151)
OIL & GAS (2)
OVERSEAS TRADERS (2)
PLANTATIONS (2)
MINES (82)

NEW LOWS (10)

BRITISH FUNDS (1)
Exchqr. 2½pc 1987
STORES (1)
Fine Art Devs.
ELECTRICALS (2)
Electronic Rentals | Hadland
INDUSTRIALS (5)
Berisfords | Marshall's Universal
Bodycote Int. | Peerless
James (M.) Inds.
OIL & GAS (1)
Imp. Cont. Gas

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	13	68	16
Corpns Dom & Foreign Bonds	8	9	62
Industrials	300	231	794
Financial & Props	280	57	199
Oils	33	24	53
Plantations	11	—	12
Mines	112	4	32
Others	77	38	61
Totals	814	431	1,229

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 10. In some cases rates nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.05
Algeria	Dinar	(A) 7.3136
Andorra	French Franc	10.5050
	Spanish Peseta	200.50
Angola	Kwanza	(CM) 48.684
Antigua (S)	E. Caribbean $	4.37
Greenland	Danish Kroner	13.08¼
Granada	E. Caribbean $	4.28
Guadaloupe	Local Franc	10.5050
Guam	U.S. $	1.5900
Guatemala	Quetzal	1.5900
Guinea Republic	Syli	35.00
Guinea Bissau	Peso	64.25
Peru	Sol	exe(A) 1,606.16
Philippines	Philippine Peso	14.37
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2095
Poland	Zloty	138.13
		138.13
Portugal	Portugu'se Escudo	144.00

[illegible]

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupee per pound. ‡ General rates of oil and iron exports. ... Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (C) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants.

FT COMMERCIAL LAW REPORTS

Reinsurer's liability to unco-operative insurer

INSURANCE COMPANY OF AFRICA v SCOR (UK) REINSURANCE CO LTD

Queen's Bench Division (Commercial Court): Mr Justice Leggatt: December 21 1982

WHERE AN insurer is in breach of an undertaking to co-operate with reinsurers in settling the assured's claim, the reinsurer remains liable under the reinsurance contract if co-operation is not expressed to be a condition precedent; but there is no such breach if the insurer's failure to co-operate *is in respect* of factors other than settlement of the claim.

Also, where the reinsurer contracts to "follow the settlements" of the insurers, he is bound by a compromise of liability or amount between the insurer and the assured unless he can prove it was dishonestly arrived at or that the insurer failed to take all proper and businesslike steps to have the loss fairly and carefully ascertained.

Mr Justice Leggatt so held when giving judgment for the plaintiff insurers, the Insurance Company of Africa, in their claim against the defendant reinsurers, Scor (UK) Reinsurance Company Ltd, under a reinsurance policy in respect of the destruction by fire of the Old Customs Building, Water Street, Monrovia, Liberia.

* * *

HIS LORDSHIP said that on February 7 1982 a warehouse in Monrovia was totally destroyed by fire, together with its contents.

The building was insured by the lessee for $500,000 under a standard fire insurance policy. The contents were insured for $3m. Reinsurance to the extent of 98.6 per cent was placed in the London market under a policy containing a full reinsurance clause and a claims co-operation clause, but no claims control clause.

On February 8 the lessee gave notice of the fire and the damage to the insurers, and the reinsurers were advised of the loss. The insurers instructed the only local adjuster to carry out a preliminary investigation and later obtained the services of an overseas adjuster. They both reported that the stock loss and cost of rebuilding would exceed the policy limit.

On April 15 the reinsurers said they had received certain information in connection with the loss and that pending completion of inquiries they were not prepared to make any payment in respect of the claim.

The information took the form of two anonymous letters received by the reinsurers from Monrovia, alleging that the lessee had deliberately set fire to the warehouse. The insurers later established that the letters were the work of malicious rivals.

The reinsurers sent their representatives to Monrovia to investigate the allegations. The investigators arrived at the insurers' office without warning and without any equivalent of a warrant or other means of authenticating themselves.

Understandably the insurers' staff was inhibited from giving to the investigators all such files as they requested, especially since some had no bearing on the fire and the reinsurers had no right to inspect them.

The insurers failed to give that co-operation which, by the claims co-operation clause, they had contractually undertaken to give. The approach of the investigators so lacked finesse as to make that result unsurprising.

The reinsurers did not approve the proposed settlement of the claim and the insurers had no option but to resist the lessee's claim against them in Liberian proceedings. A jury returned a verdict for the lessee in the sum of $3¼m with general damages of $600,000.

That claim had now been paid but the reinsurers rejected the insurers' claim under the reinsurance policy. Hence the present action.

*

The reinsurers' principal defences consisted of allegations that the insurers were in breach of the claims co-operation clause and that the lessee's claim was fraudulent.

The claims co-operation clause provided that it was "a condition precedent to liability . . . that all claims be notified" to the reinsurers and the insurers "hereby undertake in arriving at the settlement of any claim, that they will co-operate" with the reinsurers.

Mr Yorke, for the reinsurers, contended that that meant the insurers "shall co-operate," and that refusal to co-operate constituted breach of a condition precedent to the reinsurers' liability.

That contention failed. Properly construed, the clause was in two parts. The first part contained a condition precedent, but was concerned only with notification. No breach of that part was alleged.

The second part contained an undertaking. Failure to co-operate was not a breach of condition precedent.

*

The presence of a claims control clause, providing that the reinsurers should control all negotiations in connection with the loss, might well have supported Mr Yorke's contentions; but there was none.

When the insurers refused to co-operate with the investigations they were not engaged "in arriving at the settlement of any claim." They were refusing to co-operate with the reinsurers' agents while those agents were engaged on an investigation of the insurers' employees.

Even if there were failure to co-operate "in arriving at the settlement" of the lessee's claim, that would not constitute breach of any condition precedent, but would be only a breach of undertaking. Such breach deprived the reinsurers of the opportunity to conduct an independent investigation, but was not shown to have caused loss.

The reinsurers alleged that the lessee's claim, based on the calculations of the local adjuster, was fraudulent. They pleaded 17 criticisms of the adjustment of the loss, but were not able to make them good. They said that in the absence of contrary evidence the court was entitled to infer that the claim was fraudulent.

The court was satisfied that the local adjuster was honest and had made all essential inquiries. An allegation of fraud had to be established with a higher degree of probability than would otherwise be required. The basis for an inference of fraud was wholly lacking. The court was always loth to find fraud merely by inference and declined to do so in the present case.

Mr Hunter, for the insurers, relied on a clause in the reinsurance policy which provided that the reinsurers were to "follow the settlements" of the insurers.

In the light of UK and U.S. cases it seemed that where there was a "follow settlements" *clause a compromise of liability* or amount would bind the reinsurer unless he could prove that it was dishonestly arrived at, or that the reassured had failed to take all proper and businesslike steps to have the amount of the loss fairly and carefully ascertained.

On the true construction of a "follow settlements" clause it went without saying that if reinsurers were to be liable, there must be no fraud or collusion on the part of the original insurers. Equally, the reinsurers could not have intended to bind themselves to settlements entered into arbitrarily, irrationally, or other than in accordance with ordinary commercial practice.

*

The efficacy of a "follow settlements" clause was not impaired by the existence of a claims co-operation clause. Although an insurer was bound to co-operate with the reinsurer in arriving at the settlement of any claim, the reinsurer was nevertheless bound to follow the settlement.

In the present case the reinsurers had failed to show lack of good faith or collusion on the insurers' part, and the insurers took all proper and businesslike steps to have the amount of the loss fairly and carefully ascertained.

The reinsurers were therefore bound to follow the settlement constituted by the decision of the court in the Liberian proceedings. Their case was without merit.

Judgment for the insurers.

For the insurers: Ian Hunter QC and Steven Gee (Elborne Mitchell and Co.).

For the reinsurers: Richard Yorke QC and Stuart Isaacs (Davies Arnold and Cooper).

By Rachel Davies
Barrister

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd	215 69			—
Managed Inv. Fd.	146.67	154 99		—
Property Fd	144.54	152 15		—
Fixed Interest Fd	137.24	144 47		—
Cash Fd	130 39	137 36		—
Income Fd	141.81	149.28		—
Extra Income Fd	132 99	139.99		—
Worldwide Growth Fd.	186.72	196.55		—
Balanced Fd	155.55	164.06		—
Smlr Co's & Recy. Fd	160 05	168 48		—
Int. Technology Fd	207.37	218.82		—
Nth. Amer. & Gen. Fd.	131.42	138 34		—
Energy Int. Fd.	84.59	89.05		—
Pacific Basin Fund	113.27	119.24		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	96.8	101.9		—
International	95.5	100 6		—
Property	96.3	101.4		—
Deposit	95.1	100.1		—
Fixed Interest	94.3	99.2		—
Managed	95.7	100.7		—
Equity Pens Cap	97.0	102.1		—
Intnl. Pens. Cap.	95.6	100.6		—
Property Pens Cap	96.4	101.5		—
Deposit Pens Cap	95.1	100.1		—
Fixed Int Pens Cap	94.0	99.0		—
Managed Pens Cap.	95.7	100.7		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	214 4			—
Portfolio Fd Int.	183 3			—
Portfolio Fd Cap	208 1			—
Portfolio Man Acc.	65 4	68 8		—
Portfolio Man Int.	58 3	61 4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	1,425			—
Landbank Secs.	64.03			—
Landbank Scs. Acc.	173.3	177.8		—
G. & S. Super Fd.	£10 734			—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101
Guardian Assurance

Property Bonds	298.6	311.0		—

GRE Linked Assurance Limited

Managed Initial	183 4	193.0	+2.8	—
Do. Accum	200.1	210.6	+3.1	—
Equity Initial	232 9	245.2	+5.1	—
Do. Accum.	254.1	267.5		—
Fixed Int. Initial	176.2	185.5	+1.2	—
Do. Accum.	192.3	202.4	-0.9	—
International Initial	172.3	181.4	+1.6	—
Do. Accum.	188.0	197.9	+1.7	—
Property Initial	121.2	127.6		—
Do. Accum.	132.7	139.2		—
Deposit Initial	119 3	125.5		—
Do. Accum.	130.2	137.0	+0.1	—

GRE Pensions Management Ltd.

London Life Linked Assur. Ltd.
100, Temple St., Bristol

Equity; Fixed Interest; Property; Deposit; Mixed; Indexed Stk.

London Life Managed Funds Ltd.
Equity (P.); Fixed Int. (P.); Property (P.); Deposit (P.); Mixed (P.); Indexed Stock (P.)

London & Manchester Gp.
Winslade Park, Exeter

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.
Hutchison House, Hong Kong

Wardley Trust	HK30.00	31.70	...	4.42
Wardley Nikko As. Fd.	US$24.77	25.91	...	5.79
Wardley Bond Trust	$10 60	10 80	...	8.43
Wardley Japan Trust	$19.59	20.30	...	1.03

Westoven Secs. (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Option Fd	98 0	103 0	....	3.00

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.48	—	+0.12	—

Inv. Adv: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St., Douglas IoM 0624 25015

Wren Com. Fund	31.9	33.2		3.10
Gold Fund	56.5	58.8		1.70
Precious Metal Fund	140 1	145 6		8.30
Vanguard Cmdy. Fd.	41.4	42 4		2.26
Wren Futures Fd.	131.1	136 4		—
Wren Int. Fnd *	$0.844	0.879		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 1/16	91	Exch 3pc 1983	99 3/16	..	3.02	10.16
101¼	95¼	Treasury 12pc 1983‡‡	100 9/16	..	11.96	10.11
100⅝	92⅞	Treasury 9¼pc '83	99 5/16	+1/16	9.29	10.23
104⅝	96⅞	Exch 13¼pc '83	102 7/16	+1/16	13.16	10.25
101¼	91⅞	Exch. 10pc 1983	99 13/16	..	10.03	10.33
98¼	87⅛	Funding 5½pc '82-84‡‡	96¼xd	....	5.68	8.94
103¼	91⅞	Exch 11¼pc 1984	100½	−1/16	11.19	10.66
107¼	96¼	Exchequer 14pc 1984	103 11/16	−1/16	13.50	10.99
94½	81¼	Exch. 3pc 1984	93¾	+¼	3.20	7.68
105¼	91½	Treasury 12pc 1984	101 11/16	...	11.80	10.84
112	96⅛	Treasury 15pc 1985	106 13/16	...	14.04	11.22
112¾	89½	Exch. 12pc Cnv. '85	104½	−⅛	11.49	9.67
91¼	73½	Treasury 3pc 1985	89⅞	..	3.34	7.78
105½	87½	Treasury 11½pc 1985	101 5/16xd	...	11.36	10.97
61¼	57½	Treas.8⅛pc Cv85(£60pd)	57 13/16	−⅛	8.91	9.62
107⅞	88⅝	Exch. 12¼pc 1985	102⅛	..	11.97	11.23
106⅝	86⅛	Exch. 11¼pc '86	101 5/16	−1/16	11.60	11.20
89½	69	Treasury 3pc 1986	87⅜	+⅛	3.43	7.31
107¼	86¼	Treasury 12pc '86	102 5/16	−1/16	11.73	11.16
100	80⅛	Treasury 8¾pc '84-86‡‡	97xd	+⅛	8.76	9.55
116¼	96⅛	Treas. 12¾pc '86 Cnv	106⅞xd	−⅛	11.46	9.89
114	91⅞	Exch 14pc 1986	108 1/16	−1/16	12.96	11.30
112	90	Exch 13¼pc 1987	106¼xd	−⅛	12.47	11.28
84	83⅞	Exchequer 2½pc 1987	83⅞	−⅛	2.98	7.08
103½	97	Exch 10½pc 1987	98½	−⅛	10.66	10.92
93⅛	73⅞	Funding 6½pc '85-87‡‡	92½	+⅛	7.03	8.63
85¼	64½	Treasury 3pc 1987	84⅛xd	+⅛	3.56	7.12
109	85⅞	Treas. 12pc 1987	102¼	−⅛	11.66	11.22
		Five to Fifteen Years				
98	72½	Treasury 7¼pc '85-88‡‡	91¼xd	−¼	8.42	9.79
102¼	95¼	Exch 10½pc '88	97¼	−⅛	10.96	11.54
81	60⅛	Transport 3pc '78-88	77⅞	−¼	3.86	8.11
99	91⅞	Treas. 9½pc '88	93½	−¼	10.28	11.30
107⅞	79⅞	Treasury 11½pc 1989	102¼	−¼	11.70	11.88
85⅝	62½	Treasury 5pc '86-89	81½	−¼	6.23	8.94
117¼	85⅞	Treasury 13pc 1990‡‡	105¼xd	−¼	4.78	8.94
112	85⅝	Exch. 12½pc 1990	106¼	−¼	12.16	11.75
98⅛	70⅛	Treasury 8¼pc '87-90‡‡	89	−¼	9.33	10.54
110¼	77⅞	Treasury 11¾pc 1991	99¼xd	−¼	11.78	11.81
84⅞	59¼	Funding 5¾pc '87-91‡‡	81½	−¼	7.19	9.28
104⅛	76¼	Exch. 11pc 1991	98¼	−¼	11.41	11.65
116⅞	81⅞	Treasury 12¾pc '92‡‡	105¼xd	−¼	12.07	11.73
102¼	70	Treasury 10pc 1992	96½	−¼	10.80	11.31
112¼	80⅞	Exch. 12¼pc '92	106¼	−¼	12.00	11.87
118¼	88⅝	Exchequer 13½pc '92	113	−¼	12.40	11.91
116½	80⅛	Treasury 12½pc '93‡‡	104½xd	−¼	11.95	11.74
81½	56¼	Funding 6pc 1993‡‡	78	−¼	7.89	9.63
124¼	88	Treasury 13¾pc 1993‡‡	113¼	−¼	12.29	11.77
128¼	91⅝	Treasury 14½pc '94‡‡	122¼		12.39	11.72
119¼	86¼	Exchequer 13½pc 1994	112½	−¼	12.31	11.91
115½	80⅛	Exch. 12½pc 1994	109	−¼	12.00	11.82
96⅛	66¼	Treasury 9pc '94‡‡	90⅛	−⅛	10.14	10.69
113¼	76½	Treasury 12pc '95	101½xd	−¼	11.77	11.70
66¼	42⅞	Gas 3pc '90-95	63½	...	4.77	7.72
103¼	68½	Exch. 10¼pc 1995	92¼xd	−¼	11.08	11.39
116⅛	83¼	Treasury 12¾pc '95‡‡	109⅝	−¼	11.85	11.58
127¼	86¼	Treas. 14pc '96	114½xd	−¼	12.18	11.74
97	66⅝	Treasury 9pc '92-96‡‡	90¼	−¼	10.25	10.75
133	96	Treasury 15¼pc '96‡‡	126¼	−¼	12.36	11.73
120	86	Exchequer 13¼pc '96‡‡	113¼	−¼	11.86	11.51
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98⅞	85¼	Aust 6pc 1981-83	97xd	...	6.22	10.23
83¼	57	N Z 7¼pc 1988-92	77½xd	...	9.36	11.16
93½	74¼	Do. 7½pc '83-86	89xd	...	8.47	11.60
167	136	S Rhod 2½pc Non-Av.	163	...	—	—
80	58	Do. 3½pc 80-85 Avtd.	80		12.04	11.19
55	32	Do. 4½pc 87-92 Avtd.	54	..	8.59	13.80
402	318	Zimbabwe Ann (£100pa)	382	−1	—	16.97

LOANS

Public Board and Ind.

High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	57¼	Agric. Mt. 5pc '59-89	77½xd	..	6.89	11.01
38	24¼	Met. Wtr. 3pc 'B'	34¼	..	9.01	11.64

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ $A1	237xd	+4	Q28c	♦	7.1	♦
315	205	Alexanders D. £1	283	−5	18.5	—	9.3	—
£74	£48	Algemene Fl.100	£74	+1	vQ26%	1.8	7.9	7.8
100	75	Allied Irish	100	...	Q45.3%	4.0	9.8	3.3
16¾	9¼	Ansbacher (H.) 5p	12	.....	0.35	—	4.2	—
275	200	Bk. Ireland £1	260	+5	Q29%	—	9.8	—
3½	2	Bk. Leumi $0.1	2½	......	—	—	—	—

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
240	75	Falcon Rh.50c	240	+10	025c	10.3	5.9
33	18	Wankie Col. ZS1	18		†03c	1.2	9.3
22	12	Zam.Cor SBD0.24	22	+2	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
24	10	♥ACM 20c	24	+5½	—	—	—
28	6	♥Argosy Gold NL 25c	11		—	—	—
151	54	♥Bond Corp	70	+2	φ010c	2.3	9.1
136	58	♥Bougainville 1 Kina	136	+8	†Q6.71c	1.2	‡
250	147	♥CRA 50c	250	+12	†Q5c	—	‡
34	10	♥Carr Boyd 20c	34	+4	—	—	—
56	21½	♥Central Pacific	35	+3	—	—	—
380	152	♥Crusader Oil	300	+20	—	—	—
26	7	♥Cultus Pac NL	13	+2	—	—	—
27	7	♥Eagle Grp 10c	12		—	—	—
23	8½	♥Endeavour 20c	11		—	—	—
635	120	GM Kalgoorlie 25c	635	+25	hQ10c	φ	1.0

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

Beecham	35	Lex Service	16	Cap. Counties	12
Blue Circle	46	Lloyds Bank	35	Land Secs	26
Boots	22	"Lofs"	4	MEPC	17
Bowaters	19	London Brick	11	Peachey	14
Brit. Aerospace	28	Lucas Inds.	12	Samuel Props.	10
B.A.T.	50	"Mams"	12	Town & City	3
Brown (J.)	4	Mrks. & Spncr	16		
Burton Ord.	24	Midland Bank	30	**Oils**	
Cadburys	11	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	12
Debenhams	8½	P & O Dfd.	14	Charterhall	5
Distillers	20	Plessey	50	KCA	8
Dunlop	3½	Racal Elect.	45	Premier	4
Eagle Star	30	R.H.M.	6	Shell	35
F.N.F.C.	4	Rank Org. Ord	15	Tricentrol	22
Gen. Accident	30	Reed Intnl.	26	Ultramar	42
Gen. Electric	24	Sears	9		
Glaxo	90	T.I.	13	**Mines**	
Grand Met.	25	Tesco	8	Charter Cons.	20
G.U.S. 'A'	50	Thorn EMI	38	Cons. Gold	40
Guardian	35	Trust Houses	13	Lonrho	8
G.K.N.	15	Turner & Newall	4	Rio T. Zinc	42
Hawker Sidd	30	Unilever	65		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 27

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling at four-year low

Sterling fell to its lowest level for four years against major currencies in general yesterday. Its trade-weighted index of 81.6 was the worst since January 1979, compared with 82.5 on Friday. The pound lost about 1 cent against the dollar in the morning and a similar amount in the late afternoon. Market sources suggested that the Bank of England probably intervened at several points during the day, giving fairly determined support, first at the $1.60 level and then at $1.59.

The pound and dollar also lost ground against Continental currencies and the yen: driven lower by fears about growing balance of payments problems, while sterling also suffered from nervousness about the next General Election.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5837. December average 1.6176. Trade-weighted index 81.6, against 81.9 at noon, 82.0 at the opening, 82.5 at Friday's close, and 91.2 six months ago. Sterling remains weak against Continental currencies and the yen on fears of a worsening balance of payments and lower world oil prices. Higher London interest rates and the general weakness of the dollar have helped the pound recover from near an all time low against the U.S. unit however.—The pound opened at $1.5950-1.5960, and improved steadily in early trading to a peak of $1.6030-1.6040, but then began to slide once again. After holding around the $1.60 level for some time late selling of sterling pushed the rate down to a low of $1.5870-$1.5880, before it closed at $1.5895-1.5905, a fall of 2.05 cents from Friday. The pound fell to DM 3.71 from DM 3.76; to FFr 10.5050 from FFr 10.67; to SwFr 3.0525 from SwFr 3.1150; and to Y361 from Y368.75.

DOLLAR — Trade-weighted index (Bank of England) 116.4 against 121.4 six months ago. A change of emphasis towards fundamentals such as rising trade and budget deficits has pushed the dollar down recently. High interest rates had previously kept the U.S. unit firm, but the Federal Reserve discount rate and bank prime rates are now following a downward path — The dollar fell to DM 2.3320 from DM 2.3350; to FFr 6.6060 from FFr 6.6275; to SwFr 1.9190 from SwFr 1.9345; and to Y226.80 from Y229.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade weighted index 129.4 against 124.0 six months ago. The D-mark is strong, helped by an improving balance of payments position and confidence in the Government's economy policy. It has benefited recently from the weakness of the dollar and sterling — The D-mark was a little weaker against its EMS partners in Frankfurt yesterday. This followed the unwinding of speculative positions taken ahead of the weekend in anticipation of a possible EMS realignment. Consequently, the French and Belgian francs were fixed higher at DM 35.3 per FFr 100 and DM 5.0860 per BFr 100 compared with DM 35.245 and DM 5.0740 respectively. The dollar was lower at DM 2.3293 against DM 2.3450

FRENCH FRANC — Trading range against the dollar in 1982-83 is 7.3250 to 5.6850. December average 6.8632. Trade weighted index 74.9 against 73.3 six months ago. The French franc continues to weaken within the EMS, reflecting the poor state of the French economy.

—The French franc recovered a little at yesterday's fixing in Paris yesterday. The D-mark fell to FFr 2.8342 from FFr 2.8355 and the Dutch guilder to FFr 2.5613 from FFr 2.5683. The dollar was also weaker at FFr 6.6065 from FFr 6.6525.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0922	+0.27	+1.55	±1.5501
Danish Krone ...	8.23400	8.08843	−1.77	−0.49	±1.6430
German D-Mark	2.33379	2.29258	−1.77	−0.49	±1.0888
French Franc ...	6.61387	6.49483	−1.80	−0.52	±1.3940
Dutch Guilder ...	2.57971	2.53098	−1.89	−0.61	±1.5004
Irish Punt	0.691011	0.689651	−0.20	+1.08	±1.6691
Italian Lira	1350.27	1320.56	−2.20	−1.46	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 10	£	$		£ Note Rates
Argentina Peso ..	80,980 80,120	49,820-49,870	Austria..........	26.10-26.40
AustraliaDollar	1.6095 1.6015	1.0107-1.0102	Belgium	76.65-77.85
Brazil Cruzeiro .	411.88 412.88	255.98-257.26	Denmark	13.11-13.26
Finland Markka..	8.4485-8.4670	5.2560-5.2570	France	10.53 10.63
Greek Drachma..	130.96 135.09	70.85-70.95	Germany..........	3.71½-3.75½
Hong Kong Dollar	10.37-10.39	6.5020-6.5070	Italy	2145-2175
IranRial	134.40*	84.50*	Japan..............	363-368
KuwaitDinar(KD)	0.4600 0.4610	0.28785 0.28790	Netherlands	4.10½-4.14½
Luxembourg Fr..	72.95-73.05	45.89 45.91	Norway............	11.06-11.17
Malaysia Dollar ..	3.63¼-3.64¾	2.2750-2.2770	Portugal	140-160
New Zealand Dlr.	2.1523-2.1581	1.3620 1.3601	Spain	195¾-196¾
Saudi Arab. Riyal	5.4646 5.4712	3.4370 3.4410	Sweden............	11.50-11.62
Singapore Dollar	3.2925 3.2930	2.0660 2.0680	Switzerland.......	3.06-3.10
Sth.African Rand	1.6915 1.6944	1.0647 1.0653	United States....	1.59-1.61
U.A.E. Dirham....	5.8730 5.8805	3.6720-3.6730	Yugoslavia.......	119-123

*Selling rates.

CURRENCY MOVEMENTS

Jan. 10	Bank of England Index	Morgan Guaranty changes%
Sterling...........	81.6	−39.1
U.S. dollar........	116.4	+8.0
Canadian dollar	89.0	−17.6
Austrian schilling..	121.8	+29.9
Belgian franc.......	94.6	−1.8
Danish kroner.......	85.1	−9.1
Deutsche mark......	129.4	+55.5
Swiss franc.........	154.8	+110.1
Guilder..............	119.8	+27.5
French franc........	74.9	−18.8
Lira..................	53.7	−58.3
Yen	148.1	+41.9

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Jan. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	..	0.695072	0.614052
U.S. $	8½	1.11281	0.983097
Canadian$.....	9.74	*	1.20577
Austria Sch	4¾	18.2022	16.1031
Belgian F ...	11½	51.0285	45.0922
Danish Kr ...	10	9.15564	8.08843
D mark	5	2.59207	2.29258
Guilder	5	2.86604	2.53098
French F......	9½	7.35178	6.49483
Lira	18	1494.78	1320.55
Yen	5½	255.056	223.507
Norwgn Kr....	9	7.71511	6.82515
Spanish Pta	—	138.321	122.248
Swedish Kr	10	8.02113	7.08125
Swiss Fr	4½	2.13682	1.89099
Greek Dr'ch	20½	92.7861	82.1181

* C$/SDR rate for Jan 7 1.35941.

THE POUND SPOT AND FORWARD

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5870-1.6040	1.5895-1.5905	0.28-0.23c pm	1.92	0.75-0.70 pm	1.82
Canada	1.9460-1.9650	1.9480-1.9490	0.14-0.04c pm	0.55	0.42-0.32 pm	0.76
Nethlnd.	4.08½-4.14½	4.09¾-4.10¾	2½-1½c pm	5.86	6-5½ pm	5.61
Belgium	72.80-73.70	72.95-73.05	20-30c dis	−4.11	60-80 dis	−3.84
Denmark	13.08½-13.20½	13.07¾-13.08¾	9¾-11¾ore dis	−9.88	27½-29¾dis	−8.75
Ireland	1.1150-1.1290	1.1165-1.1185	0.46-0.57p dis	−5.29	1.14-1.35dis	−4.27
W. Ger.	3.70-3.75	3.70½-3.71½	1⅞-1½pf pm	5.26	5-4½ pm	5.12
Portugal	143.00-148.00	143.75-145.75	135-460c dis	−24.66	420-1390dis	−25.01
Spain	197.25-199.25	197.50-197.75	105-200c dis	−9.28	365-455 dis	−8.30
Italy	2,133-2,155	2,134-2,136	22½-27½lire dis	−14.05	72-78 dis	−14.05
Norway	11.02-11.12	11.02¾-11.03¾	2¾-3⅞ore dis	−3.60	8¾-9½ dis	−3.22
France	10.49-10.59	10.50-10.51	9½-11½c dis	−11.99	30-33 dis	−11.99
Sweden	11.45-11.56	11.45½-11.46½	¼ore pm-¾ dis	−0.26	3¾-4 dis	−1.27
Japan	360-365	360½-361½	1.45-1.25y pm	4.49	3.80-3.60 pm	4.10
Austria	26.00-26.30	26.02-26.07	11½-9¾gro pm	4.78	30¼-25¾ pm	4.26
Switz.	3.04-3.11	3.04¾-3.05¾	2½-2c pm	8.85	6-5½ pm	7.53

Belgian rate is for convertible francs. Financial franc 76.60-76.70. Six-month forward dollar 1.35-1.30c pm. 12-month 2.10-1.95c pm.

THE DOLLAR SPOT AND FORWARD

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5870-1.6040	1.5895-1.5905	0.28-0.23c pm	1.92	0.75-0.70 pm	1.82
Ireland†	1.4215-1.4270	1.4225-1.4240	0.94-0.84c pm	7.50	2.30-2.10 pm	6.18
Canada	1.2240-1.2265	1.2250-1.2260	0.12-0.17c dis	−1.42	0.28-0.33dis	−1.00
Nethlnd.	2.5700-2.5770	2.5750-2.5760	0.90-0.80c pm	3.96	2.55-2.40 pm	3.84
Belgium	45.80-45.95	45.89-45.91	19-29c dis	−6.27	60-70 dis	−5.66
Denmark	8.2175-8.2320	8.2295-8.2305	6-6½ore dis	−9.11	16-16½ dis	−7.90
W. Ger.	2.3260-2.3750	2.3315-2.3325	0.74-0.64pf pm	3.55	1.99-1.89 pm	3.33
Portugal	90.50-93.00	91.00-92.50	125-325c dis	−29.43	325-925 dis	−27.26
Spain	124.20-124.40	124.25-124.35	105-130c dis	−11.34	320-370dis	−11.10
Italy	1,342-1,344	1,342½-1,343½	16½-19½lire dis	−16.08	51½-55½dis	−15.93
Norway	6.93-6.95	6.9350-6.9450	3-3¾ore dis	−5.40	8¼-8½ dis	−4.83
France	6.5950-6.62	6.6055-6.6065	7-8½c dis	−14.08	21¼-23¾dis	−13.78
Sweden	7.20-7.22	7.2050-7.2150	1¼-1½ore dis	−2.29	5½-5¾ dis	−3.09
Japan	225.75-227.90	226.75-226.85	0.55-0.45y pm	2.65	1.42-1.32 pm	2.42
Austria	16.365-16.38	16.36-16.37	4¼-3½gro pm	2.84	11½-9 pm	2.51
Switz.	1.9140-1.9420	1.9185-1.9195	1.20-1.10c pm	7.19	2.85-2.75 pm	5.84

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs.

EXCHANGE CROSS RATES

Jan. 10	PoundSt'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.590	3.710	361.0	10.51	3.053	4.098	2156.	1.949	73.00
U.S. Dollar	0.629	1.	2.333	227.0	6.607	1.920	2.577	1343.	1.225	45.91
Deutschemark	0.270	0.429	1.	97.30	2.832	0.823	1.104	575.5	0.525	19.68
Japanese Yen 1,000	2.770	4.404	10.28	1000.	29.10	8.456	11.35	5914.	5.398	202.2
French Franc 10	0.952	1.514	3.532	345.6	10.	2.906	3.901	2032.	1.855	69.49
Swiss Franc	0.328	0.521	1.215	118.3	3.441	1.	1.342	699.4	0.638	23.91
Dutch Guilder	0.244	0.388	0.905	88.10	2.564	0.745	1.	521.0	0.476	17.82
Italian Lira 1,000	0.468	0.745	1.738	169.1	4.920	1.430	1.919	1000.	0.913	34.19
Canadian Dollar	0.513	0.816	1.904	185.3	5.391	1.567	2.103	1096.	1.	37.46
Belgian Franc 100	1.370	2.178	5.082	494.5	14.39	4.182	5.613	2925.	2.669	100.

MONEY MARKETS

London rates steady

Interest rates were steady in the London money market yesterday, despite the continued weakness of sterling, but nervousness increased after the official close of trading as the pound fell sharply against the dollar as well as the earlier decline against Continental currencies.

The Bank of England forecast a money market shortage of £800m in the morning but revised this to £850m after lunch. Most of the shortage was taken out in the morning, when the authorities gave help of £824m, mostly through outright purchases of £544m bank bills at an unchanged dealing rate. An amount of £29m bills in band 1 (up to 14 days' maturity) were bought at 10 per cent; £310m in band 2 (15-33 days) at 10 per cent; £84m in band 3 (34-63 days) at 10 per cent; and £115m in band 4 (64-84 days) at 10 per cent.

At the same time £280m bills were purchased for resale in equal amounts on January 12 and 13 at rates of 10$\frac{1}{16}$-10⅛ per cent. On Friday repurchase agreements were conducted within a range of 10-10$\frac{3}{16}$ per cent.

Yesterday afternoon the authorities bought another £5m bank bills outright in band 2 at 10 per cent, bringing total assistance on the day to £829m.

In Paris the Bank of France is to buy about FFr 11bn of first category paper, maturing on January 31, at an unchanged rate of 12¼ per cent. The intervention rate was last changed on January 3, when it was reduced from 12¾ per cent. Early yesterday call money rose to 12⅞ per cent from 12¾ per cent, despite recent cuts in banks reserve requirements, designed to release funds into the banking system and continue the downward trend in domestic interest rates. Euro-franc rates were very firm on Friday and continued to rise yesterday to defend the French currency on the foreign exchanges, particularly against the D-mark. The weakness of the franc is preventing the authorities from cutting interest rates by the desired amount at present.

LONDON MONEY RATES

Jan. 10 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight........	—	9 10½	—	—	—	10-10¾	9¾-10¼	—	—	—
2 days notice...	—	—	10⅛	—	—	—	—	—	—	—
7 days or..	—	—	—	—	—	10¾	—	—	—	—
7 days notice...	—	10$\frac{1}{16}$-10⅝	10½	—	—	10⅞	10-10⅛	—	—	—
One month......	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10½	11⅛-11	10⅝	10⅞	10-10⅛	10$\frac{1}{16}$	10$\frac{1}{16}$-10⅛	10$\frac{9}{16}$
Two months......	10⅝-10½	10$\frac{1}{16}$-10$\frac{3}{16}$	10½	11⅛-10¾	10⅝	10⅞	10	10-10$\frac{1}{16}$	10$\frac{1}{16}$-10⅛	10$\frac{9}{16}$
Three months.	10⅝-10½	10¼-10$\frac{3}{16}$	10½	11-10⅝	10⅝	—	9⅞-10	9$\frac{15}{16}$	10$\frac{1}{16}$-10$\frac{1}{32}$	10$\frac{9}{16}$
Six months......	10¼-10⅝	10½-10⅝	10$\frac{9}{16}$	10¼-10	10⅝	—	—	—	9$\frac{15}{16}$-10	10⅝
Nine months ..	10¼-10⅝	10½-10⅝	—	10¾-10⅝	10⅝	—	—	—	—	—
One year	10$\frac{7}{16}$-10⅝	10½-10⅝	10⅝	10⅝-10¼	10⅝	—	—	—	—	—
Two years.......	—	—	10¾	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive): 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11 per cent; four years 11¼ per cent; five years 11½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10$\frac{1}{16}$ per cent; four months trade bills 10$\frac{11}{16}$ per cent.

Approximate selling rate for one month Treasury bills 9$\frac{15}{16}$-10 per cent; two months 9$\frac{15}{16}$-10 per cent and three months 9$\frac{15}{16}$ per cent. Approximate selling rate for one-month bank bills 10$\frac{1}{16}$ per cent; two months 10$\frac{1}{32}$ per cent and three months 10 per cent; trade bills 10$\frac{15}{32}$ per cent; two months 10$\frac{15}{32}$ per cent and three months 10$\frac{15}{32}$ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10¼ per cent. London Deposit Rates for sums at seven days' notice 6¾-7 per cent.

Treasury Bills: Average tender rates of discount 9.9318 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 10¼ per cent; one-three-month 10½ per cent; three-12-month 10½ per cent. Under £100,000 10¼ per cent from December 31. Deposits held under Series 3-5 10½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 10	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling..	10¼ 10½	10⅛-10½	10⅝-10¾	10⅝ 10¾	10⅝-10¾	10⅝ 10¾
U.S. Dollar.	8¼-8¾	8⅝ 8⅞	8⅝-8⅞	8⅝-8⅞	8¾ 9	9⅛ 9⅝
Can. Dollar ..	11 12	10⅝ 11¼	9⅞-10⅞	9⅝ 9⅞	9⅝ 9⅞	9⅞-10⅛
D. Guilder ...	5⅛ 5½	5⅛ 5⅝	5⅛ 5¼	4⅞-5⅛	4⅞-5⅛	5⅛ 5⅜
S. Franc .	1 1¼	1⅛ 1⅜	2⅛ 2¼	2⅜-2¾	3⅛ 3¼	3¼ 3⅜
Deutschm'rk	5⅛-5½	5⅛-5⅜	5⅛-5⅜	5⅜-5½	5⅜ 5½	5⅜-5⅝
Fr'nch Franc	18 18¼	18 18¼	20½-22	21½-22½	20¼-21½	18½-19½
Italian Lira	16½-19½	21¾ 24¾	22 24¾	24⅞ 25⅞	23¾ 25½	22⅝-24
Belg. Franc Conv.	13-16	14 16	14-15	14-15	13¾-14¾	12½-13½
Fin.	12⅛ 12¾	12⅛ 12⅝	12⅛-12⅝	12⅛-12⅝	12⅛-12⅝	12⅛ 12⅝
Yen..	6⅛ 6¼	6⅛-6⅜	6⅛-6⅜	6⅛-6⅜	6⅛-6⅜	6½-6⅝
D. Krone ...	17⅞ 18⅛	17⅞ 18⅜	19⅛ 19⅝	19½ 20	18¼-18¾	17½-18
Asia $ (Sing.)	8⅞ 9	8⅞ 9	8⅞ 9	8⅞-9	8⅞-9⅛	9⅛-9⅜

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 11)

3 months U.S. dollars		6 months U.S. dollars	
bid 8 3/4	offer 8 7/8	bid 8 7/8	offer 9

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11-11½
Fed funds (lunch-time)	8½-8¾
Treasury bills (13-week)	7.78
Treasury bills (26-week)	7.80

GERMANY

Lombard	6.0
Overnight rate	5.95
One month	6.05
Three months	5.80
Six months	5.75

FRANCE

Intervention rate	12½
Overnight rate	12.875
One month	12.5625
Three months	12.50
Six months	12.3125

JAPAN

Discount rate	5.5
Call (unconditional)	6.58375
Bill discount (3-month)	6.96875

SWITZERLAND

Discount rate	4½
Overnight rate	½-1½
One month	2¼-2¾
Three months	2⅞-2

NETHERLANDS

Discount rate	5
Overnight rate	5½-5¾
One month	5½-5¾
Three months	4⅞-5¼
Six months	5-5⅜

$ CERTIFICATES OF DEPOSIT

One month	8.46-8.55
Three months	8.45-8.55
Six months	8.50-8.60
One year	8.75-8.95

LONG TERM EURO $

Two years	10½-10¾
Three years	10⅞-11⅛
Four years	11⅛-11⅜
Five years	11½-11¾

SDR LINKED DEPOSITS

One month	8⅞-9⅛
Three months	9¼-9½
Six months	9⅜-9⅝
One year	9¼-9½

ECU LINKED DEPOSITS

One month	10$\frac{13}{16}$-11$\frac{3}{16}$
Three months	11⅛-11⅜
Six months	11⅛-11⅜
One year	10$\frac{13}{16}$-11$\frac{3}{16}$

FINANCIAL FUTURES

Nervous trading

Attention focused on the weakness of sterling in the London International Financial Futures Exchange yesterday. Short sterling contracts opened virtually unchanged from Friday but prices receded as the market reacted to sterling's weakness. The March price started at 90.05 and drifted to a low of 89.94 before finishing at 89.95. Gilt trading followed much the same pattern, with a small rally during the afternoon as sterling came back over $1.60 wiped out in later trading as pressure increased on the pound. The March contract finished at 102-01 down from 102-15 at the opening and Friday's close. Spot and futures trading tracked each other for most of the day until prices in the futures market fell away towards the close.

Euro-dollar trading opened with a flurry and a high of 91.30 was reached very quickly in the March contract after an opening of 91.23. However prices soon fell back to trade in a narrow range. Sentiment was not unduly affected by an unexpected small rise in last week's money supply, with expectations of a cut in the U.S. discount rate uppermost in most people's minds. Prices tended to drift a little after the opening of Chicago however possibly influenced to some extent by an opening Federal funds rate of around 8¾ per cent.

In the currency pit the Swiss franc attracted attention as a traditional hedge in view of current uncertainty in currency markets with a total of 58 lots traded.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	91.20	91.30	91.20	91.13
June	90.86	90.99	89.87	90.81
Sept	90.58	90.65	89.75	90.53
Dec	90.26	90.26	90.26	90.17
March	90.03	—	—	89.62

Volume 1,336 (541)
Previous day's open int. 2,751 (2,767)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
March	89.95	90.08	89.94	90.03
June	89.87	89.95	89.87	89.97
Sept	89.75	89.83	89.78	89.81

Volume 427 (303)
Previous day's open int. 2,796 (2,719)

20-YEAR 12% NOTIONAL GILT £50,000
32nds of 100%

	Close	High	Low	Prev
March	102-01	102-25	102-00	102-15
June	101-19	102-08	101-19	102-04

Volume 1,059 (1,064)
Previous day's open int. 1,893 (1,932)
Basis quote (clean cash price of 15¼% Treasury 1998 less equivalent price of near futures contract −6-+02 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5935	1.5985	1.5935	1.5995
June	1.5885	1.5930	1.5885	1.5960

Volume 124 (303)
Previous day's open int. 688 (701)

DEUTSCHE MARKS DM 125,000
$ per DM

	Close	High	Low	Prev
March	0.4308	0.4326	0.4308	0.4296
June	0.4344	0.4344	0.4344	0.4319

Volume 62 (68)
Previous day's open int. 400 (435)

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
March	0.5251	0.5275	0.5223	0.5208
June	0.5314	0.5314	0.5314	0.5278

Volume 58 (90)
Previous day's open int. 150 (181)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4419	0.4420	0.4412	0.4362
June	0.4443	0.4443	0.4443	0.4392

Volume 35 (22)
Previous day's open int. 138 (137)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-14	76-17	76-07	—
June	75-26	75-29	75-21	—
Sept	75-11	75-13	75-06	75-17
Dec	74-31	75-02	74-27	75-06
March	74-25	74-25	74-18	74-28
June	74-18	74-18	74-09	74-21
Sept	74-13	74-13	74-10	—
Dec	74-04	74-09	74-03	74-12
March	74-05	74-05	74-02	74-08
June	—	—	—	74-04

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.40	92.44	92.29	92.37
June	92.03	92.07	91.96	91.99
Sept	91.68	91.70	91.62	91.63
Dec	91.36	91.37	91.32	91.31
March	91.03	91.06	91.03	91.03
June	90.81	90.81	90.81	90.79
Dec	—	—	—	90.44

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.40	90.41	90.40	90.38
March	91.55	91.57	91.47	91.48
June	91.13	91.13	91.06	91.05
Sept	90.71	90.75	90.69	90.66

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	90.56	90.58	90.52	90.49
Sept	90.20	90.25	90.18	90.13
Dec	89.90	89.90	89.89	89.85

STERLING (IMM) $e per £

	Latest	High	Low	Prev
March	1.5825	—	1.5865	1.5815
June	1.5770	1.5780	1.5905	1.5740
Sept	1.5835	1.5710	1.5835	1.5710
Dec	1.5710	—	1.5770	1.5705
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-10	70-12	70-05	70-06
June	69-20	69-21	69-17	—
Sept	69-09	69-08	69-05	60-00
Dec	68-28	68-27	68-24	—
March	68-16	68-18	68-16	—
June	68-09	68-10	68-09	68-08
Sept	68-04	68-04	68-04	68-02
Dec	68-00	68-01	67-31	67-29
March	—	—	—	67-25
June	—	—	—	67-21
Sept	—	—	—	—
Dec	—	—	—	—